332
Bub/Bub
26970

THE
ASIATIC SOCIETY OF BOMBAY
TOWN HALL, BOMBAY-400 023.

Digitized with financial assistance from the
Government of Maharashtra
on 15 June, 2016

THE BUBBLES OF FINANCE.

THE

BUBBLES OF FINANCE:

JOINT-STOCK COMPANIES, PROMOTING OF COMPANIES, MODERN COMMERCE, MONEY LENDING, AND LIFE INSURING.

BY A CITY MAN.

192

"We advise our young friends to read some amusing chapters on 'accommodation' and 'borrowing' which have appeared within the last two months in Mr. CHARLES DICKENS'S *All the Year Round*."—*The Times*, May 31.

"It becomes every day more and more evident that something should be done to protect the interests of the flies which are so continually being caught in the web of the promoting spider. In these latter times there is much more need of protection against spurious companies, than against the utterers of counterfeit coin."—*Daily News*, May 11.

26970 QR.b. 6

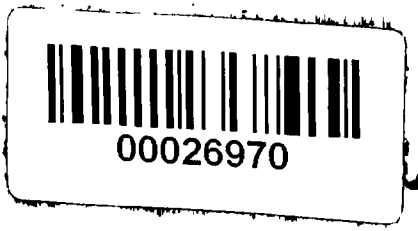
LONDON:
SAMPSON LOW, SON, AND MARSTON,
MILTON HOUSE, LUDGATE HILL.

1865.

[*The right of Translation is Reserved.*]

332
Cub/Bub

HARRILD, PRINTER, LONDON.



PREFACE.

When the papers of which the contents of this volume are, by the kind permission of Mr. Charles Dickens, a reprint, first appeared in "All the Year Round," many persons seemed to think that each character of City Life depicted therein, was intended as "a hit" at some one or other of their acquaintances. The author wishes particularly to disclaim any such intention. He believes each sketch in the collection to be a faithful copy of what may be seen passing on around us in the City or the West End day by day, but he entirely disclaims having any particular person, or institution, or company in view when he penned these descriptions of existing Financial Bubbles. In one of those very amusing articles which appear every Monday in the "Morning Star," under the heading of "The Flaneur," we are told that when the late much-lamented John Leech wanted to depict a cabman's hat, an omnibus-driver's nose, or the impossible crinoline of an unprotected female, he looked out of his window and sketched the first

individual of the particular species he wanted, that happened to pass his house. With pen and ink, in his own imperfect way, the writer of these Bubbles has done *much the same*. When he wanted an individual with which to fill in a scene in any of his *poor pictures*, he looked out of his—city—window, and very soon found what he required. Thus his characters are real, although he hopes they are not personal, and were certainly not intended to be such. They exist, although they have no actual being. The author has known them all, knows some of them still, and many amongst them will no doubt be believed to be portraits by City men. This, however, the author disclaims, although he admits having sketched from life. And the same of the Joint-Stock Companies, firms, and offices whose history he has endeavoured to paint. They are, and yet they are not, myths. The characters are types, not personalities; they do not represent individuals but classes. In every instance the writer has endeavoured to copy the cabman's hat, the omnibus-driver's nose, or the crinoline of the unprotected female; but he does not know the names, or the places of abode of any of these persons.

LONDON, *June 30th*, 1865.

CONTENTS.

PAGE

CHAPTER I.

PROMOTERS OF COMPANIES 1

CHAPTER II.

INSURANCE AND ASSURANCE 23

CHAPTER III.

HOW WE "FLOATED" THE BANK 45

CHAPTER IV.

HOW THE BANK CAME TO GRIEF 64

CHAPTER V.

HOW THE BANK WAS WOUND UP 86

CHAPTER VI.

WANTED TO BORROW, ONE HUNDRED POUNDS 114

CHAPTER VII.

PAGE

BILL DISCOUNTING 135

CHAPTER VIII.

THE LEVANT TRADE 156

CHAPTER IX.

THE LEVANT TRADE, CONTINUED 176

CHAPTER X.

THE LEVANT TRADE, CONTINUED 195

CHAPTER XI.

THE BANK OF PATAGONIA (LIMITED) 216

CHAPTER XII.

HOW TO ENFORCE PAYMENT 241

THE BUBBLES OF FINANCE.

CHAPTER I.

PROMOTERS OF COMPANIES.

Not many months ago, I was doing my best to obtain employment in London. "Beggars must not be choosers," and I was determined to accept any appointment I could get, provided I thought myself tolerably competent to fulfil the duties of the situation. One morning, when looking over the "Times," the following advertisement caught my eye :—

"WANTED, for a first-class Joint-Stock Company, A SECRETARY.—Apply, by letter, stating what salary is expected, and giving references, to A. L., 109, Little Green Street, E.C."

Within half an hour of my having read this, I had written and posted a letter addressed to "A. L.," and had told that personage I was in

want of exactly such an appointment as he described in his advertisement; that, as regarded salary, I must be allowed to learn what duties were expected of me before I could state the amount of payment I should require; that, in any case, I thought we should not quarrel about terms; and lastly, I gave the names of two or three gentlemen in London, to whom I could refer as regarded my character, capabilities, etc.; in conclusion, I begged to know the name of the "first-class Joint-Stock Company" that was in want of a secretary?

To my surprise, I did not get an answer for three days, and when it came, the letter gave me so little information that I inclined at first to have nothing more to say either to "A. L." or his secretaryship. The very names both of "A. L." and his "first-class Joint-stock Company" were still hidden from me, the writer merely telling me that the company in want of a secretary was "one of the very first in London," and finishing his very short communication by asking whether, in the event of my obtaining the situation, I should "be prepared to lay down the sum of five hundred pounds sterling?"

To this I replied that, as far as the money was concerned, I had *friends who were ready to* advance such a sum on my account, provided they

were satisfied that the situation I obtained would insure me an income of not less than three hundred a year in a respectable public company. But that I should take no more steps in the matter, nor would I answer any more letters, unless I was forthwith furnished with full particulars of the proposed secretaryship, and was at once made acquainted both with the real name of "A. L.," and the means by which that individual proposed to obtain the appointment for me.

In twenty-four hours after despatching my letter, I received a long official-looking envelope, which contained a letter signed by "A. L.," in what he informed me was his real name—Albert Long—and also the printed prospectus of a new joint-stock company, of which more presently. Mr. Albert Long informed me that he was the "promoter" of this proposed company, but that "to bring it out" he required the sum of five hundred pounds for advertising and other expenses; and that if I or my friends would advance that amount, he would give me what he called "a written bond" that I should be appointed secretary of the company, at a salary of not three but five hundred a year. The printed prospectus was magnificent. The company was for the purpose of providing London with gas on an entirely new plan, which would—

so the prospectus said—at once and for ever crush all existing gas companies. The capital required was three millions sterling, in sixty thousand shares of fifty pounds each, one pound per share to be paid on application; and the interest the company would pay when it commenced to work, could not by any possible combination of circumstances be less than fifty per cent. per annum, while there was every chance of its increasing in a few years to a hundred, and even a hundred and fifty. In the body of the prospectus were several certificates from eminent chemists and others, all stating that this peculiar gas—I do not mention its particular name—was two hundred per cent cheaper, and gave a hundred per cent stronger light, than any gas now in use, and that its adoption by any town could not fail to prove highly remunerative to those who furnished it. To this were added several columns of figures proving—or intending to prove—that whereas the gas now used in London cost so many thousands to produce, the proposed kind costing so much less, the result must be so many hundreds of thousands of pounds profit for the company.

In short, nothing could be more magnificent —on paper—than this scheme; but, as I remarked when answering Mr. Albert Long's

letter, I questioned very much whether a company in which there were as yet neither directors, solicitors, bankers, brokers, nor shareholders, was exactly the thing which could properly be termed "a first-class Joint-stock Company," and that, although I wished the scheme every success, I must decline having anything to do with it.

Here I thought the whole affair would end, and that I should hear no more of Mr. Albert Long or his gas company. To my surprise, I received another letter by return of post from that gentleman, in which he begged I would not, for my own sake, be rash and throw aside the chance of becoming secretary of what would no doubt some day be one of the very first public companies in London, if not in the world; that I was quite mistaken regarding there being no board of directors formed for the company, because he had some of the very "first men in the City" ready to join the direction at once; but that there were several preliminary expenses to be incurred before the publication of the whole prospectus could take place; that these gentlemen had given him their names in confidence, but that so soon as ever he could meet certain necessary expenses, the whole affair would be brought out, and that then it would be too late

to apply for the secretaryship, for there would be so many men of wealth and influence seeking the situation, that it would be impossible for him to offer it to me. His own capital was locked up, but if I would advance the sum of two hundred pounds at once, he would take my bill for the balance of three hundred, to be paid the day the company was in full operation. The letter was well written, and there was a cool audacity about the fellow asking me to advance this amount of coin on a scheme so visionary, that I determined, if possible, to see what kind or manner of man it was who could believe any one idiot enough to pay money, with so very remote a chance of ever —or rather with the certainty of never—seeing it again. I therefore replied to his letter that there was, no doubt, some truth, in what he said about not throwing away a chance of a good situation, but that before I could take any steps in the affair, I must have a personal interview with him, Mr. Albert Long; that he had only to name the hour and place when he would meet me in the City, and I would be sure to keep the appointment.

To this proposition I received an answer, saying that the writer, Mr. Long, was very unwell, but that his friend, Mr. Adam, would meet me the following day at noon, at a certain tavern

in Cheapside. On receipt of this note, I became more than ever determined to see Mr. Long himself. I therefore replied that my business was with Mr. Long, and not with Mr. Adam; that if the former were unwell, I could wait a few days; but that I would cease all correspondence on the subject unless within the next week or ten days I saw and spoke to Mr. Albert Long.

The letter which reached me by return of post surprised me not a little, although I had by this time conceived very high notions of Mr. Albert Long's boldness in matters of finance. His epistle was long, and took a very round-about way of coming to the point, which was to announce that he had been about a month in Whitecross-street prison for debt; but that if I would favour him with a call, he had no doubt that matters would be explained entirely to my satisfaction. To Whitecross-street prison I accordingly went. On my inquiring for Mr. Long, a corpulent, clerical-looking man, aged about sixty, and with the general appearance of an insolvent archdeacon, came forward to greet me. He did not waste time, but plunged at once into business, bringing forth piles upon piles of documents, both written and printed, to prove that the new gas scheme was, beyond all doubt, "the very best thing" that had been brought forward by

any joint-stock company for many years, and that all who took shares would be certain to make their fortunes. He told me a long story how he had been arrested for "a mere trifle—less than fifty pounds, sir;" and how he hoped, with a portion of the two hundred which I was to advance, to set himself free, and, within a week, to establish the "first-class Joint-stock Company," with its three millions of capital. To this I replied that, under present circumstances, I did not see my way clearly towards advancing any money; and that, before doing so, I must consult with friends who would, no doubt, object to my taking any steps in the affair, until I had some knowledge as to the composition of the future board of directors of the great gas company. This not very unreasonable objection Mr. Long met by asserting that the board was already filled up, and that "some of the leading men in the City, sir," were only waiting for him to say he was ready, in order to lend their names at once to the scheme. I suggested that it might be better, perhaps, if some of these "leading men in the City" were, among them, to advance the two hundred pounds, and so release Mr. Long from prison, as well as set the proposed scheme on its legs. To capitalists like them, I urged, the loss of a couple of hundred pounds amongst them

would be a mere nothing, whereas to a very poor man like me it would be utter ruin. But Mr. Long did not see things in that light. He said I did not understand these sort of affairs, that it would never do for him to ask these leading City men for the insignificant sum of two hundred pounds, and that I was very foolish in not risking so little to gain so much. He ended by saying, if I could not lay my hand on the money at once, my "acceptance at three months" would do nearly as well, for he could get it discounted through a friend of his. But I objected that I never wrote my name across stamped paper, and upon that we parted.

Mr. Albert Long was the first "promoter" with whom I became acquainted, and he was not the least singular man I have met, in his notions as to the way of getting up a "first-class Joint-stock Company." I don't think he was altogether dishonest, although certainly not the sort of person I would name in my will as trustee for my widow and children. He seemed to have talked and written himself into a belief of his own falsehoods, and to have an idea that the rest of the world was as easy to deceive. I have never seen or heard more of Mr. Long. We parted good enough friends, though he

warned me that I would repent having thrown such a chance away. However, I have not yet seen his gas company advertised in the "Times," although it is not long since I thought I recognized, under different initials, the advertisement that a secretary for a "first-class Joint-stock Company" was still wanted.

"If you really want to get the secretaryship of a public company," said a friend of mine, who is a merchant in the City, "I'll introduce you to Mr. Hunter—a most respectable man, who is a promoter of new schemes. He is sure to have something on hand that will suit you, and I have no doubt that you and he can come to terms." My friend was himself far too honourable a man to have anything to do with those who were otherwise, so I thankfully accepted his offer, and was introduced to Mr. Hunter—whose profession, as my introducer told me, was that of a "promoter," but who was a very different sort of person from my acquaintance in Whitecross-street. Mr. Hunter had an office of his own. It is true the said office—situated in a dismal, dingy court somewhere behind Austin Friars—consisted of only one room, and that room up three steep flights of stairs; nevertheless, it *was* an office, in which was a clerk—age, I should say, about fourteen years; and in both his clerk and his

office Mr. Hunter seemed to take great pride. He could not talk on any subject for five consecutive minutes, without mentioning either "my clerk" or "my office:" though he appeared to make little or no use of the one, and to confine himself not more than forty minutes, during the whole working hours of the day, to the other.

Although Mr. Hunter was by profession and calling a "promoter," I don't think he made much by his proposed schemes. One of three things seemed always to happen to him—either he could not get together directors enough to bring out a new company; or else he got too many, and could not get rid of some without offending them; or, at the eleventh hour, some other person got hold of his scheme, and brought it out, as he used to lament, "over my head, sir." Thus the idea of the "Anglican, Gallic, and German Bank (limited)," had originated with this unfortunate gentleman. He it was who worked out the plan for months, and just as he had got a board of good men together, a treacherous friend saw the prospectus of the proposed bank, changed its name to the "English, French, and Saxon Banking Corporation (limited)," got a board of directors, solicitors, bankers, brokers, and secretary together in a single forenoon, brought out the affair

next day in the "Times," "Daily Telegraph," "Morning Post," "Morning Star," "Daily News," and all the other papers, and pocketed three thousand pounds by way of what is called "promotion money." Thus poor Mr. Hunter was left with his fiasco of a scheme, and the dubious gratification of paying for the printed prospectus.

When I first became acquainted with Mr. Hunter, his greatest trouble used to be his having, not too little, but too much, money at command. He was the first and only man I ever knew who felt annoyed by being too wealthy. He used to complain that the government of—I really forget whether it was Brazil, Peru, or the Argentine Republic—a South American state—had commissioned him to procure a loan of eight millions sterling, and that after he had negotiated the affair and got it all right, they wrote to say they only wanted five millions. "What to do with the other three millions I am sure I don't know, sir," he used to repeat three or four times every day. It was in vain I suggested that a few thousands, or even a few hundreds, might be usefully employed as a loan to himself, for I could not help seeing that poor Mr. Hunter's means were often like the shares of the joint-stock companies which he promoted

—limited. Even in so small a matter as postage-stamps I had often to help him, and I could not but be cognisant—though I pretended entire ignorance—of sundry sulky visitors who from time to time called at the office, and asked whether "Mr 'Unter was a-going to settle that 'ere small bill, or whether they"—the speakers' employers, I presume—"should have to county court him?"

But, with all this, I believe Mr. Hunter to be an honest and honourable man. My own business with him was confined to procuring him the names of four "good City men" as directors for the board of a joint-stock company he was then forming; and my share of the loaves and fishes was to be, that if it were brought out I was to get the secretaryship. The company was not brought out, and therefore I did not get the situation. In less than a week I had the names of "four good City men," who were willing to join the company as directors, provided the rest of the board was composed of respectable men. These Mr. Hunter had to find, but he never managed to do so. Somehow or other, no sooner did he get four gentlemen to consent to come upon his board, than three of them discovered that the fourth was "worth nothing, a mere man of straw," and so they at

once resigned, and joined some rival scheme. These were the days—not long ago—when every morning's paper was certain to bring forth some new prospectus of a Joint-stock Bank, or a Finance and Credit Association. Poor Mr. Hunter felt that, while the grass was growing all around him, he, the horse, was starving. However, he never lost courage or hope. Every morning when I visited his office he had some new combination by which he was certain to have "a first-rate board formed before Saturday;" but week after week passed by and nothing came of it, and to this day I believe he is working hard to bring out his scheme. Occasionally, but very seldom, Mr. Hunter would have small windfalls in the way of cash, or, at any rate, would receive—I don't know whence, or from whom—small sums of money, which he would parade ostentatiously. On such occasions he would always insist upon repaying me any money I had expended for postage-stamps, bitter beer, luncheons, or such like: of all of which he kept a very rigid account, and, indeed, I believe I am to this day his debtor to the amount of sevenpence. I am afraid Mr. Hunter does not prosper. I wish him every success in life, but fear his means are not increasing. However, I met him a very few days ago in the City, when he told me he was

on the point of bringing out a new scheme, so great, and with so large a capital, that the bare recital of the project took my breath away. The promoter's fees alone would amount—so Mr. Hunter said—to upwards of ten thousand pounds, and the sole promoter of the concern was Mr. Hunter. But I have not yet seen the prospectus advertised in the "Times," and as the information was given me in confidence, I must not allude to it further.

The next practitioner in the promoter line with whom I became acquainted, was a gentleman of quite a different kind from Mr. Albert Long, and from Mr. Hunter too.

Mr. Hardy—for that was his name—had in appearance the combined characteristics of the guardsman and the stockbroker. His hat, shirt collar, scarf, pin, coat, trousers, boots, and umbrella, were undeniably and unmistakably West-endish; his moustache, whiskers, and gloves would have passed muster in the Household Brigade, or at Aldershot. Yet he had about him, habits and customs which savoured strongly of Capel-court. Thus, when once he was in the City, his umbrella was laid aside in his office, his gloves were taken off and crushed up together in one hand, he did not walk, but rushed from place to place, and in the hand which did

not hold the gloves, there were always three or four papers: one of which was certain to be a crossed cheque for a large amount—nothing under three figures at least. And yet Mr. Hardy was not a stockbroker, or a stockjobber, or a solicitor, or a merchant, or an accountant; he was simply and solely a promoter. His offices consisted of two light airy convenient rooms, for which he must have paid a rent of at least a hundred a year. They were handsomely furnished and well-warmed. In the outer room were two clerks —a young man and a boy; in the inner apartment Mr. Hardy was always—when not engaged in running about the City with a crossed cheque in his hand—closeted with some mysterious personage. The first time I saw Mr. Hardy was in this wise. I had written to him, inclosing a letter of introduction from a mutual friend, asking on what day, and at what hour, I might call upon him to speak on a matter of business. The answer was, that if I called the next day, "at one o'clock precisely," Mr. Hardy would be glad to see me. At five minutes before the hour, I was at his office, and sent in my card through the clerk, who came back into the outer room, saying, Mr. Hardy was particularly engaged, but would see me in ten minutes. I waited nearly half an hour, when

the bell summoned the clerk, who returned and ushered me into the sanctum of the great promoter. The latter greeted me with, "Now, my dear sir, I can only give you five minutes, as I have three special meetings to attend before four o'clock." He made notes of what I had to say, at the same time eating his luncheon of biscuits and sherry, of which he asked me to partake. Before the five minutes were half over, he had appointed another interview for me, and had politely bowed me out. Almost as soon as I got into the street, I saw him rushing across, his gloves crumpled up in one hand, and several papers (one of which, I believe, was a cheque) in the other.

Mr. Hardy was a prosperous man, but how he ever got through any real business by hurrying and rushing about the City, was always matter of wonder to me. And yet, he must have found the profession of promoter, lucrative, else how could the office-rent, the clerks' salaries, and his own dress be paid for? Or whence could the crossed cheques have come? He showed me from time to time—always in strict confidence—two or three of his different schemes; and I am bound to say that—unlike the proposed prospectuses of poor Mr. Hunter—sooner or later, these invariably appeared in the advertising columns

of the "Times," "Post," "Star," "Telegraph," and "Daily News." These advertisements alone must have cost him a fortune, though, I presume, that when a company "came out," the amount he had expended was repaid him. On one occasion, I was sitting with him in his inner room, when the elder of his two clerks asked for a cheque for the advertising of the "Columbian Banking Corporation:" a new scheme, of which the immensely long prospectus had appeared for the first time in all the morning papers of that day. "How much does it come to?" asked Mr. Hardy. "Four, six, one, and fifteen, sir," answered the clerk. "Write it out, and bring it me to sign," said Mr. Hardy, taking his cheque-book out of a drawer, and tossing it over to the clerk. In five minutes the clerk came back with a cheque filled in for four hundred and sixty-one pounds, fifteen shillings, which his master signed, still continuing his conversation with me, and with far less care than I should have bestowed on the signing of a cheque for five pounds. I asked Mr. Hardy—for by this time I knew him better—whether all that sum was for the advertising of one single scheme? He replied that it was, and for one single day, too. That before a company was brought out, or rather, before the distribution of its shares

took place, between two and three thousand pounds were generally expended in advertisements, which simply published the names of the directors and the prospectus of the scheme. That if the proposed company does not "take" with the public, or if the shares are not all applied for, and if—in the language of the City—"the scheme won't float," all the expenses that have been incurred fall upon the promoter, who is, consequently, often a considerable loser by an affair of the kind. The profession of promoter is, however, something like the African slave trade, in which those who engage in the business can afford to lose three or four cargoes, provided one in every four succeeds in getting safe to Havannah, so great is the profit upon a shipload of negroes that arrives at its destination. Moreover, an experienced promoter takes care, as a general rule, not to bring forward a joint-stock company, unless he is pretty sure that the shares will be taken up.

As a matter of course, the promoter is sometimes mistaken, and occasionally for some unknown reason or other, neither the public nor the Stock Exchange will have anything to do with a sound undertaking which promises well for those who join it; while, on the other hand, bubbles and swindles often find favour with the multitude, and

are quoted at a premium, even before the shares are allotted. Much, however, depends upon the names of the directors who form the board. If these are "good City men," men known to be wealthy, or belonging to wealthy firms—or if even three or four of them be so reputed—almost any scheme will "float" well: which means, that its shares will be readily applied for, and quickly bought up by the public. It is not, however, those companies which come out at the highest premiums that may be considered as the best or safest investments for money. On the contrary, some of those which, for a time, command little or no premium, have often the best boards of direction, and are very much the safest. Between the period when a new joint-stock company is first advertised, and the day when no more applications for shares are received, the promoters of the scheme often do their best to run up the scrip by fictitious buying and selling—"rigging the market," as it is called—of the future shares, by means of two or three stockbrokers, who act upon orders, and create a demand for the new stock. Thus if the "Columbian Banking Corporation" prospectus appeared in the advertising columns of the "Times" for the first time on Monday morning, it is very likely that the shares would be quoted

in the City articles of the evening papers as being at two-three-quarters to two-seven-eighths premium. In other words, any one who had any shares of the said "Columbian Bank" allotted to him, might sell them—or rather might sell even the promise of them—at a premium of two pounds fifteen shillings to two pounds seventeen shillings and sixpence each. Now, as the deposit that has to be paid on each share before application, is only one pound, the outside public reason with themselves that the speculation cannot be a bad one; for it is hardly possible —so they think—to lose the one pound deposit, whereas they have a good chance of winning nearly three pounds on each share. The theory of this is good, but the practice often otherwise. The scheme may be an excellent one, the directors may be all "good City men," and yet the shareholders may take fright, and themselves ruin their own prospects. For, when they no longer see the scheme in which they have taken shares quoted at a premium—a premium which their own common sense should tell them must be, more or less, a sham—they at once rush to sell their shares, and thus themselves depreciate their own property. If the public would exercise judgment before it buys shares, and patience after its purchases are made, it would do

much better than by taking alarm at the first depreciation that happens to the stock in which they have invested. So doing, they help, as it were, to burn down their own property, and in effecting their own ruin.

CHAPTER II.

INSURANCE AND ASSURANCE.

About five years ago I returned from India, with my pension of a thousand a year, as a retired civil servant. During the thirty-five years I had lived in that land of the sun, I had managed to save ten thousand pounds, which, being invested at ten per cent, gave me another thousand a year. With an income of two thousand pounds, and all our children provided for, my wife and I not unreasonably hoped and expected to live comfortably, the more so as neither of us was given to extravagance, and we both cared little for the fashionable conventionalities of life. When we came home from the East, I was fifty-five years of age, and my better half ten years my junior; ages at which people look forward rather to quiet enjoyment of life than to making a show, or cutting a dash, in the world. We took a small house in Kensington, laid out a few hundred pounds in furnishing it, jobbed a neat one-horse brougham by the month, engaged a cook, a house-

maid, and a parlour-maid, and set ourselves to work to renew old friendships and remake old acquaintances, which in our long exile had dropped in arrear. Being a member of the Oriental and the Conservative Clubs, I managed to pass my forenoons pretty quickly. By the time I had breakfasted, smoked my cheroot as I walked through the parks to Hanover Square or St. James's Street, it was always past twelve o'clock. Once at the club, I made a great show of writing a letter or two, read the papers, had some lunch, talked over the villanies of Sir Charles Wood, and the financial reforms of Mr. Wilson or Mr. Laing, with some old Bengal chum, and, before I knew where I was, the clock pointed to four, at which hour my wife always called for me in the brougham, and we went for a drive. A seven o'clock dinner, a couple of stalls at the theatre or opera twice a week, and so to bed, like a moderate-minded, steady-going, middle-aged couple, as we were.

My wife was a capital manager and housekeeper. Although we lived well, I found at the end of my first year in England, a balance of a few hundreds remaining in my banker's hands, over and above my expenditure. Then it was that my misfortunes really commenced, for nothing would satisfy me but that this money should be

profitably invested, and I began to look about for something better than Consols.

Among my oldest Indian friends there was a certain Colonel Jones, who had retired from the service some years before I returned to England. The colonel had—chiefly for want of something to do—turned his sword into a business-like looking umbrella; and, instead of squadrons, drill, and soldiering, his talk was of shares, the price of stocks, and rates of discount. The gallant officer had become a complete City man, and was, moreover, a successful speculator. A more honourable or a more truthful man never breathed. He was a careful calculator, a long-headed financier, and could see his way ahead, more clearly than many men who have passed their whole lives in the atmosphere of business. More than one respectable banking and railway company connected with India, were glad to have Colonel Jones upon their respective boards; and as one good thing in the City generally leads to another, he could pick, choose, and refuse.

This gentleman recommended me to look out for some good concern in which I might purchase shares, and of which I might, perhaps, in time, become one of the directors. At the same time he strongly recommended me not to mix myself up with any schemes which were untried,

or of which the directors were not of acknowledged respectability. I wish I had taken his advice!

To a man like Colonel Jones, it is an easy matter to get upon the board of a really good and sound company. And if in request with old, he is doubly so with new companies. He has but to say the word, and not only will any recently started concern be glad to have him, but will also pay him money, besides qualifying him with shares, for joining the direction. The difficulty with a gentleman so situated is to know what companies to avoid. With me, the desire to invest my money was accompanied with an almost stronger wish to be a director of some company. Like the famous Colonel Newcome, I believed myself to be a thorough man of business—by intuition, as it were, and that I had only to "go to the City" every day, sit at a board, and adopt the jargon of mercantile men, in order to make a fortune. To do him justice, Colonel Jones endeavoured to induce me to look more to safety than to a large per-centage in purchasing shares. With his warnings I ought to have walked safely, but I fell into the very first trap that was laid for me.

The Honourable John Fenceman was the younger brother of a late, and the uncle of an

actual, peer. He was a man of about fifty years of age; had been, many years ago, in the Guards; and knew everybody and everything in London as well as a detective policeman. In his manners he was gentlemanly, affable, and never by any chance pushed into notice his noble birth, nor the handle he had to his name. He did not affect the manners of a young man, had a family of grown-up daughters, a home in one of the best second-rate Tyburnian squares, dressed as became a paterfamilias, was a sound Conservative, an exceeding loud Protestant, and altogether embodied the English definition of "a most respectable man." I had known this gentleman some considerable time, when I discovered that he was "a City man;" that is to say, he was member of more than one board of directors, and daily walked into the City "on business" of various kinds.

To the Honourable John Fenceman, then, I made known my desire to invest what spare money I had, and of becoming a director upon any board of a respectable company. He promised to think the matter over, and to let me know in a day or two how he could forward my views. We met at the club almost every afternoon, and I asked him as often whether he had yet found what I wanted; but his answer

was invariably in the negative for at least five or six weeks.

At last I received a note from my friend, requesting me to meet him at a certain Indian bank in the City, on important business, at a given hour. I did so, and found that he had at last discovered an affair in which I could gain honour, emolument, and a commercial good name, without the slightest risk. The concern he advised me to join, was, the "Benevolent Insurance Company," of which, as he said, he himself was about to become a director.

The conditions on which I was to join this company were as follows:—I was to take a hundred shares—no director was allowed to take fewer, or the public could have no confidence in the concern—of twenty pounds each, upon which however but ten pounds a share were to be paid. "You can't possibly lose by it," said the Honourable John to me; "and to show you in what estimation I hold the company, I have myself paid a like amount, and am about to take my seat at the board."

The "Benevolent Insurance Company," although not old, was by no means of entirely new creation. It had been born some years ago, but, for want of vitality, had never yet given forth any signs of flourishing. It had started with a weak board, which had gradually got weaker, and of

business it had, as yet, never had sufficient to pay its current office expenses. Of the original directors there now remained but three or four; and, although the neat office, the mahogany-furnished board-room, the brass rails in the office, the handsomely bound ledgers, the spruce secretary, and one or two trim clerks remained, it was easy to see that of real business there was little or none done at its head-quarters. Now and again —this I learned afterwards—some of the outside "touters" for the company would induce some stray, and probably insane, individual, who wished to insure his life, to send in a proposal to our office; but these were rare, and more rarely still did such propositions come to anything. But of this more presently.

My friend of noble family explained to me, that what was wanted was, so to speak, the regeneration of this Insurance Company. Besides the Honourable John and myself, four or five gentlemen had been induced to join the board, and each of these was to pay down a thousand pounds for his shares. In obtaining shares there was no difficulty whatever, for, of the original ten thousand shares, not more than one thousand had been applied for by the public. But it was supposed that, when the direction was known to be entirely reconstructed, and that seven new

directors had each subscribed, and each paid for a hundred shares, the affair would look up, and the unappropriated shares be in great demand.

Of the seven new directors, one was a baronet—a poor man, without an acre or a hundred pounds he could call his own, but still a baronet; and with untoadying John Bull, even this much of a title goes a very long way. Another was a member of Parliament, and when I have said that, I have said everything; for, beyond the suit of clothes he wore, scarf-pin, watch and chain, umbrella and hat, he had no property, portable or otherwise, that I or anybody else could discover. Next in the list followed two medical men, both of whom were individuals with more leisure than money, and more assurance than learning. The fifth was a retired brewer, who, having for thirty years worked hard to make a very large fortune, now worked as hard to spend it. Every man has his particular hobby, and this individual's mania was that of being in company with men who had handles to their names, or were, as he termed them, "real gentlemen, and no mistake, sir." The Honourable John Fenceman and myself completed the number of seven new Directors for the Benevolent Insurance Company.

After giving the subject some few days' consideration, I consented—notwithstanding the

arguments of my friend, Colonel Jones, who advised me to have nothing to say to the concern —to join this direction, being induced to do so partly by the promised dignity of a seat at the board, but chiefly by the immense profits which would accrue to me according to the figures shown me by the secretary of the company. According to this gentleman, as proved by statistics of the last ten years, taken from the annual report of various London offices, the thousand pounds I was about to invest in shares must bring me in, at the very least, a yearly return of five hundred pounds. My seat at the board would give me an income of one hundred and four pounds a year two pounds each week—and this alone would be interest at the rate of ten per cent. Thus it was clearly shown that, look at the matter in what light I would, I must be an immense gainer in money, as well as in dignity, by joining the direction of the Benevolent Insurance Company.

The first day we met in the board-room of the company, we voted the baronet into the chair, and then passed resolutions respecting the qualification of each director. Determined not to fail in paying up on the hundred shares I had put my name down for, I at once handed to the secretary a cheque for one thousand pounds; my

brother director, the retired brewer, did the same; but from the others there were merely paid in comparatively small sums "on account," or else shares of various companies were given as security that the amount due would be paid. I ventured to hint that, in qualifying for shares, the amount ought to be at once paid down in cash, but was overruled by nearly the whole board declaring that there was plenty of time, that it would be "all right," and so on. I felt rather sorry that I had been in such a hurry to part with my thousand pounds, but as the cheque had been already passed to the secretary, there was nothing to be done but to grin and bear. The Honourable John paid in one hundred pounds in cash as his qualification, and placed shares in a tenth-rate bank, valued altogether at about two hundred pounds, with the secretary. The baronet paid in nothing, nor did he give any security; the member of parliament also declared himself unable to book up at the moment, but promised to do so at our next board-meeting. It was proposed by one of the medical men, seconded by my honourable friend, and carried unanimously, that each director should give his promissory note at three months, bearing interest at the rate of ten per cent, per annum, for the amount of his shares, and that each such note,

being made payable at a bank, should be passed to the secretary, and by him credited as so much cash. In vain I ventured to expostulate, and to say that, however solvent the giver of a note-of-hand might be, such promises to pay were not cash, and ought not to be considered as such. But I was overruled, as it was declared that, where all were honourable men, and quite certain to meet their engagements, it would only be creating useless difficulties did we make any distinction between money and engagements. I saw that further objection was useless; but after having expressed myself so strongly on the subject, I did not like to ask for my cheque back again; nor, had I done so, would it have been of much use, for I am very sure I should not have had it returned.

Having got so far in our first meeting, the chairman and secretary—who was also general manager—proceeded to distribute the shares to the directors, previously affixing thereunto the seal of the company. Each member of the board received scrip certificates of one hundred shares, on which it was stated that every share was worth twenty pounds, and that ten pounds had been paid up on each. This little business over, we sat down to an excellent luncheon, and the secretary then handed to each director two sovereigns and two shillings, neatly folded up in paper, so

that I began to feel as if I were already handling the wealth which was to flow in upon me, and, in spite of the note-of-hand business, I left the office fully convinced that I had invested my thousand pounds well.

Our board met every week. On the second board day some of our outside touters brought us in proposals for life insurances, which of course we had to refer to our medical officer, after due inquiry as to the life and habits of those who wished to effect the insurances. These propositions for insurances are obtained, in most cases, through "agents," or "touts," of whom every insurance company employs more or less, according to its means of doing business, and the capital it has at command. These gentlemen are not engaged at any fixed salary, but merely get a per-centage upon insurances which are effected by their means or introduction. If one of these agents has the gift of persuasion, and can make himself agreeable to the particular person or class of persons to whom he addresses his eloquence, he may easily earn his three, four, or five pounds a week, or even more. A good insurance agent is invaluable to a new company, and when he once makes a name for himself he is in demand by other and larger companies, and generally gets promoted to be a travelling agent, with travelling allowances, so

that he has a roving commission over large portions of the kingdom, and fares always of the best, at the expense of the company.

In addition to these travelling touts or agents, every company has fixed agents, each of whom does his best to obtain business for the company in the district or town where he lives. Like the other agents, these gentlemen receive no salaries, but are paid a commission upon the business they do. They have generally—I may say invariably—some other occupation, such as house agents, builders, plumbers and glaziers, or shopkeepers of the better sort. Such agents do not, generally, do much in the way of obtaining life insurances, but are very useful in getting insurances against fire. The propositions they procure are forwarded to the chief office, and by it are submitted to inspectors, who report upon the nature of the insurance, and the probable amount of risk to be incurred. If the offer be accepted, the risk is divided between one or more other offices, so that in the event of a fire the loss may not all fall upon the one establishment.

In most young insurance offices the directors do their utmost to obtain business for the company. This was the case with us. Each member of our board did his best among his friends to procure propositions for insurances, so that at even

our second meeting the propositions we had before us were not few, and of these a considerable proportion were accepted.

At this meeting a resolution was proposed, seconded, and passed, that three members of the board should be selected by ballot, and that those three should form what is termed a financial committee: all matters connected with the monetary arrangements of the company being in their hands, and the other members of the board not being allowed to interfere in any way with what they did, until they reported progress to the directors at the end of the first six months. I objected strongly to this measure, but found myself in a minority consisting of myself and the brewer: the latter, moreover, being very faint, indeed, in his protest against the action of an honourable, a baronet, and a member of parliament. And so the ballot was taken, and the whole board—with the exception of myself, who voted for the brewer, and the brewer, who voted for me—was found to have voted for the same persons, namely, my honourable friend the peer's brother, the member of parliament, and one of the medical men. To me this looked uncommonly like a previously arranged "plant," but I determined to watch matters, and to keep my own counsel for the present.

Besides life and fire insurances, we received propositions for loans. The way in which we lent money was as follows: Suppose A wanted to borrow, say, a hundred pounds from us. The first thing he must do was to give us the names of two friends as his sureties. If these proved on inquiry to be householders, free from debt, fully able to pay the amount for which they were sureties if called upon to do so, and not under liabilities to any other office, they were considered good. The borrower and his two sureties were then made to insure their lives for double the amount to be lent to A. So that A, B, and C insured their lives for two hundred pounds, or, in all, life insurances to the amount of six hundred pounds were brought into the company by the loan of one hundred pounds being granted.

It is quite possible that, whatever little amount of business knowledge I had, was of an old-fashioned fidgety kind; but about this time, when the new direction had fairly got the affairs of the new company in their hands, I did not like the idea of more than one of our directors making use of our office in order to obtain a loan for themselves or their friends. Proposals of this kind were certain to be passed. The board had little or nothing to say in the matter, which was invariably referred to the financial committee, who

as certainly passed the proposition and made the loan payable at once. I began to feel very uneasy about our proceedings, and at last requested to see our banker's book, but was put off by being told that it was in the hands of the financial committee, who were alone responsible for the working of our balance at the bank, and could not have the books overhauled until the six months for which they held office were expired. I began to suspect my colleagues as not over and above straight in their walk, and had serious thoughts of shaking myself clear of the whole affair as soon as I possibly could.

Our weekly board meetings continued, and new propositions for life or fire insurances, or loans, were brought forward. I observed, however, with increasing distrust, that, whereas all life or fire insurances that could be obtained were accepted almost without inquiry, no loans were entertained unless the proposed borrower was either a member of the board, or a friend of some director.

By degrees my eyes became still more and more opened to the trap in which I had allowed myself to be caught. Thus one day I received a note from an individual whose name I had never heard of, asking leave to call upon me at my private residence, on business connected with the Benevolent Insurance Company.

Thinking it was some person who wanted a situation as clerk, or an appointment as agent, I answered that if he would call the following day at ten o'clock I would see him. He came as requested, and a more villanous, sinister-looking specimen of humanity I never set eyes on. I asked him his business, and he replied, that, being in want of a loan, he was about to send in a proposition to the Benevolent office, and now wanted to "square the business"—as he expressed it—with me before it came before the board. Being at a loss to know what he meant, I asked him to speak in plainer terms, when he gave me to understand in very clear Anglo-Saxon, that for every "fiver" I got him in the way of a loan, there would be "five bob" at my service. At first I thought the fellow was mad, but after a time got out of him that he was merely doing what he and others had done before at our office, in "squaring" one of the directors.

Being anxious to see how the directors who had given notes-of-hand in payment of their shares would meet their engagements, I waited with no little impatience for the expiration of the three months when the drafts would fall due. As no notice was taken of the circumstance at the first meeting after the notes were payable, nor yet on the following board day, I ventured

to ask the question whether or not they had been met. The reply I got was, that this was an affair in the hands of the financial committee, who alone were responsible for the monetary arrangements of the company. Humbug to such an extent, however, I would not stand, and, being determined to carry my point, I wrote an official letter to the chairman, telling him that unless I was permitted at the next meeting to examine into the matter, I would write a letter to the city editors of the "Times" and "Daily News," exposing the whole concern as it deserved.

To this letter I received no answer, except a simple acknowledgment of its receipt from the secretary; but at the next meeting of the directors, the "bills payable" book was laid upon the board-room table, and I observed, with as much surprise as pleasure, that each of the notes-of-hand had been met, and I therefore made certain that we had—after deducting for loans advanced to various people—a balance at our bankers of at least six or seven thousand pounds. Not being enough of a business man, I did not examine further, but took for granted that things in general with us were not so bad as they seemed.

Matters went smoothly enough for a few weeks, until at a board meeting we received legal notice that a certain old lady, whose life was

insured in our office for five hundred pounds, had been gathered to her fathers, and that payment of the policy upon her life would be demanded within the usual term of fifteen days. When the matter was mentioned before the directors, I could not help observing that the secretary and one or two members of the board looked exceedingly blank. I did not, however, think much of the circumstance until next board day, when it was proposed by one of the medical men present, that this policy for which we were now liable should be disputed; for he believed the defunct lady to have been some four or five years older than she had told us she was.

This proposition I most earnestly protested against. I contended that, even if we could, by proving the old lady to be older than she was, save the whole five hundred pounds due on the policy, it would be most suicidal in us to do so, for it would surely prove the last insurance we should ever obtain. To this I was answered, that if we could save five hundred pounds by it, it would be worth the while to run the risk. The board broke up without coming to any resolution.

On our next board day, to my great surprise, nobody, except the ex-brewer, the secretary, and myself, were present. This was the more surprising, as the money (five hundred pounds)

for the policy which had fallen due, ought to have been paid at that meeting. But as by our articles of association every cheque had to be signed by at least three directors, and countersigned by the secretary, it became impossible for us to move in the matter; so we simply requested the secretary to write to the parties concerned, and tell them that their claim should be settled on the next board day. In the mean time, in order to prevent there not being enough directors present on the following board day, I took the trouble to write to them all in my own name, begging them, as they valued the good name of the company, to attend on the next board day and settle the first claim ever brought against the office. The ex-brewer countersigned this letter.

But, so far from my appeal being of any avail at the following board day even the secretary was not forthcoming. He had left the keys and his compliments with one of the clerks, as well as a message, saying that, being far from well, he would not be able to attend to business for some days. The absence of all the directors, except the ex-brewer and myself, for two successive board days, now fully roused my suspicions. After a little search I found out and laid hands upon our banker's pass-book, but only to discover that, beyond a hundred and thirty pounds,

we had nothing whatever standing to our credit. The only real *bonâ fide* payments that had been made by directors for their shares were those few hundreds on the day of our first board meeting, and the thousand pounds cash which the ex-brewer and myself had paid. It was clearly shown, now that we got access to all the books, that, as fast as payments had been made, they had been drawn out again; but to whom these moneys had been paid, or what had become of what little capital was paid up, we could not find out. The proofs of the payment of the directors' notes-of-hand were nothing more than false entries in the books made in the handwriting of the secretary. The bank balance now standing to our credit was simply the result of some few payments made on account of premiums, since our last meeting. For two weeks none of the directors had been near the office, otherwise it is more than doubtful whether there would have been a single shilling left.

The ex-brewer—who proved himself a capital man of business, as well as a most sensible, kind-hearted fellow—and I held a long consultation together. The first thing to do, was, to meet the claim of five hundred pounds due upon the old lady's policy. This we did at once, each of us giving a cheque on his own banker for two

hundred and fifty pounds. The next thing was to prepare and present a petition for the winding-up in Chancery of the "Benevolent Life and Fire Insurance Company." The third step was to keep out of the way, so as to prevent ourselves being turned into machines upon which the solicitors of the different shareholders could serve writs. For this purpose we betook ourselves to France until the storm had blown over, and as we—the ex-brewer and myself—had each lost one thousand pounds, besides the two hundred and fifty paid for the claim upon the policy which fell due, we both felt that we had suffered more than enough in our pockets, and both took care to keep dark until the shareholders and other creditors had been settled with.

As regards our worthy brother directors, I have only met two of them since. The Honourable John I saw about three months ago driving a Hansom cab in Oxford Street. The M.P., who a few years ago accepted the Chiltern Hundreds, is a billiard-marker at a fourth-rate table in an establishment near Drury Lane. Where the rest are, I neither know nor care, but of one fact I am very certain: which is, that nothing in the world would ever tempt me again to become a director in any Joint-stock concern, and above all, of a Life and Fire Insurance Company, whether "limited" or not.

CHAPTER III.

HOW WE "FLOATED" THE BANK.

"GIVE me a look in, if you are passing my way," wrote Mr. Hardy* one day to me, "for I think I have the very thing that would suit you."

Mr. Hardy was a most prosperous "Promoter" of companies, in the days—little more than a year ago—when the getting up of joint-stock concerns was by far the most lucrative business in the City, and I was a poor place-hunter—a man trying to obtain a situation with a salary, that I could count upon as a monthly or quarterly certainty, even if the amount was small. Therefore, on the receipt of this note, I lost no time in proceeding to that gentleman's office, where I at once sent in my name to the great man himself. Unlike my first interview with this "Promoter of Companies," I was not kept waiting more than five minutes, and was then ushered into his private sanctum.

"I am glad you are come," said he, "for there is a new Joint-stock Bank coming out, and

* See "Promoters of Companies," Chapter I.

although I have not much, if anything, to do with it myself, I have helped the promoters a little, and can give you a line to the solicitor of the concern. If you can bring them a director or two, and play your cards well, it is very probable that you may get the secretaryship, which has not yet been given away." Saying this—writing and talking at the same time—Mr. Hardy sat down and scrawled a few lines of introduction to a legal firm near Clifford's Inn, and gave me the note, accompanied with the following verbal advice: "When you see these and other gentlemen—any one, in short—connected with this or any other company, be bumptious, talk big, as if you could bring Rothschild, Baring, and Peabody as directors upon any board that you are connected with; do this, and you will prosper. Good-bye. I shall be glad to hear how you get on." In another moment Mr. Hardy was, according to his old custom, rushing down stairs and across the street, holding a bundle of papers in his hand, one of which, I believe, was, as of old, a crossed cheque.

If I had not delayed in repairing to Mr. Hardy's office, how much quicker did I hasten to that of the solicitor's in Clifford's Inn! Where, on sending in Mr. Hardy's note and my own card, I at once obtained an interview with an

elderly gentlemanly individual, clad in a new and shining suit of black, white twice-round-the-throat neckcloth, and high stand-up shirt-collar. Our conversation was short and to the point. Mr. Eastman, the solicitor, knew me by name. "Was I not the nephew of Mr. Dant?" "Yes." "Would Mr. Dant join the board of the bank which Mr. Eastman was projecting, provided I obtained the secretaryship?" I could not reply for certain, but I would ask my relative. "Could I give an answer to-morrow?" I believed I could. I would see my uncle and speak to him. "Very well; if Mr. Dant joined the board, I should have the secretaryship of the bank: that was to be a bargain."

But what *was* the bank? Its magnificent title was:

THE GRAND FINANCIAL AND CREDIT BANK OF EUROPE, ASIA, AFRICA, AMERICA, AND AUSTRALIA (LIMITED).

Capital,

ONE MILLION STERLING,

divided into twenty thousand shares of fifty pounds each, but that it was only contemplated to issue ten thousand at present, and that not more than twenty-five pounds would be called up on each share; that one pound

per share was to be paid on application for shares, and three pounds per share on allotment; in short, the usual formula with which all readers of the advertisements in newspapers have been made so well acquainted during the past eighteen months. After these announcements upon the prospectus, came the word "DIRECTORS," in very large letters, but of directors there was no list whatever—not one single name following the heading. The reason for this—so Mr. Eastman told me, but whether I believed him is another question—was that they had "so many first-class men, sir, offering to join them, that their great difficulty was in making the proper selection." Below the word "DIRECTORS" came "MANAGER," followed by "SECRETARY," "SOLICITOR," "AUDITORS," "BANKERS," and "BROKERS;" but to none of these was there any name affixed. It was very like a playbill in which the titles of the pieces and the designation of the characters were put down, but to which the names of the actors had not yet been added. The farce was not yet cast. As a matter of course, the prospectus set forth that the future business of the proposed bank would be exceedingly large and highly profitable. That it was intended to have large branches and extensive agencies in Paris, New York, Madrid, Berlin, Melbourne, and Bombay.

That already arrangements had been made to purchase the business of Messrs. Saloman and Company, of such a street; and that some thousands of the shares had already been applied for by the public. The latter assertion I knew, by a kind of instinct, was not true. However, my business was to get a good director or two for the company, and by this means to secure a berth for myself; and therefore, armed with half a dozen copies of the prospectus, I rushed out of Mr. Eastman's office, called the first Hansom I saw, and was quickly bowling away towards the West-end, where my uncle resided.

He was an old gentleman who had amassed a fair competency in China. All his sons were provided for and well started in the world, his daughters were married, and he, a widower, found that with between seven hundred and eight hundred a year, he could live very comfortably in lodgings, enjoying the conversation of his old friends at the Oriental Club, and his rubber of whist in the evening. He said he had had enough of business, that he had no faith in these new banks or finance companies, and that the small sum he should get every week for his attendance at the board-room would be no inducement to him to undertake the trouble, worry, annoyance, and responsibility of being a director.

At last, upon my pressing him very much, and showing him what an excellent chance it would be for me to obtain a permanent situation, he not only consented to his name being put down, but promised to do his utmost to bring with him, as another director, an old friend—a retired Indian officer—with whom he was engaged to dine that evening at the Club of Anglo-Asiatics in Hanover Square.

Of course, this was excellent news for me, and our dinner at the Oriental was a double success. Not only did my uncle's friend consent to join the board of the new concern, but he too brought a friend with him. The following morning I therefore arrived at Lincoln's-Inn-Fields, and presented Mr. Eastman with the written consent of three gentlemen who agreed to become directors, and thus a respectable nucleus of the board was formed.

But although three directors—more particularly when bearing respectable names—are something, they are not enough to form a direction. My part of the work was, however, done. Mr. Eastman, who was the promoter—and was to be the solicitor—of the company, at once gave me an undertaking by which the secretaryship of the bank was secured to me, provided the company proceeded to allot the shares. In promoter's

slang, if the company "floated," I was to have the berth I desired.

My three friends served admirably to draw more directors. Armed with them, our promoter was soon on his way to visit other parties in the City: persons whom he either hoped would join, or who could induce friends to join, the direction.

At one of these interviews I happened to be present, and it was amusing—nay, for a future secretary not a little instructive—to observe how—promoter like—our future solicitor managed, without exactly telling a decided untruth, to suppress the truth most effectually. "Is your board really formed?" asked the gentleman. "Oh dear, yes," the promoter replied; "we have got Mr. Dant, formerly of the house of MacLean, Dant, and Company, in Hong-Kong; also General Fance, late of the Madras Army; also Mr. West, who was in the Indian Civil Service; besides several others;" the "several others" being purely imaginary. I knew quite well that Mr. Eastman had secured no other directors, and he knew that I knew he was stating what was not true; nevertheless, he repeated it again and again to different persons, until he really seemed to believe his own falsehood.

At last, after about a month's hard work, and

rushing about in Hansom cabs, we got together the names of eight gentlemen who consented to become directors of The Grand Financial and Credit Bank of Europe, Asia, Africa, America, and Australia (Limited). *How* we managed this it would take too long to tell in detail. Some of them joined us because the prospect of two, or perhaps three, guineas on every board-day—the board sits once a week in all Joint-stock Banks—was an object of some moment to them. Others — like my own respected uncle—joined us on the understanding that they were to have this or that situation in the bank for some relative, connection, or friend. Many were—indirectly—paid for joining us; that is to say, the promoter, Mr. Eastman, would say to some acquaintance, "I will give you two hundred pounds if you procure me Mr. So-and-So as a director." Perhaps the acquaintance had never seen Mr. So-and-So in his life, but he had an acquaintance who could get introduced to another person who knew the gentleman. He managed, by paying the individual he knew a ten-pound note, to get introduced to the "other person," and, by giving him three or four "fivers," to obtain the desired introduction, which, when once accomplished, he offered, perhaps, a hundred pounds to the gentleman,

provided he would join the direction of the new bank. None of these were ready-money transactions—such bargains never are. All payment of promotion money—all money paid, or to be paid, directly or indirectly for directors, or for working out the scheme of "floating" a joint-stock company—is made contingent upon the shares being allotted to the public. If the concern does not proceed so far, all payments are considered "off." The usual—I might almost say the universal—way with promoters is to give an undertaking, of which the following may be regarded as an average specimen :—

104, LITTLE GREEN-STREET, LONDON, E.C.
14th October, 1864.

DEAR SIR,—As promoter of "The Grand Financial and Credit Bank of Europe, Asia, Africa, America, and Australia (Limited)," I hereby undertake to pay you the sum of two hundred pounds sterling (say £200), should you succeed in obtaining the consent of Mr. So-and-So, of such a place, to become a director of the said bank. The money to be paid within seven days of the shares being allotted to the public, and on condition that the said Mr. So-and-So gives his written consent that his name may appear upon the prospectus of the company, and remain there for at least six months after the company shall be brought before the public.—I am, dear sir, yours truly,

N. EASTMAN,
Solicitor and Promoter of the above Company.

To Nicholas Sharpe, Esq.,
25, Grove-street, E.C.

Having obtained this undertaking, the first thing Nicholas Sharpe, Esq., does, is to get it stamped at Somerset House, for which he pays the small sum of sixpence. He then proceeds to take his measures to catch his director, which he accomplishes by means like those I have pointed out, being generally a series of introductions which remind one of "the House that Jack built." Of the two hundred pounds, not more than perhaps a fourth remains to him when all his expenses are paid. He has generally to give about one-fourth to the various worthies from whom he obtains the introductions, and has seldom less than half to give to the gentleman whom he brings in as a director. By the uninitiated, it will be asked where all the money promised to be paid to directors comes from? The reply is, it all forms part of that great nugget called "promotion money," which is dug out of the pockets of the shareholders, so soon as the deposit money paid on application for shares flows into the treasury. In the "Articles of Association"—to which, be it remembered, all shareholders bind themselves in their application for shares—there is a clause inserted, which, in the case of our bank, was as follows:—

In consideration of the trouble and expense to which Mr. Eastman, the promoter of this company, has been put to, it is

hereby agreed that he be paid the sum of five thousand pounds sterling as promotion money, within seven days of the company proceeding to allot their shares to the public.

It does not follow that the amount of promotion money is always the same. I have known it to be as high as twenty thousand pounds, and as low as three thousand, according to the nature of the undertaking and the amount of the proposed capital. But although the promoter retains by far the greater share of the cake, he is obliged, in order to obtain the wherewith to set his machine in motion, to part with some large slices of it.

Such slices induce many directors to join the new concern. These good things form part of what in promoters' slang is called "the pull you get out of the concern." But there are other "pulls" which the directors who join a company when it first starts generally obtain, and among these not the least is that of being "qualified," gratis, to sit at the board. In every joint-stock concern, the directors are obliged, by the "Articles of Association," to hold a certain number of shares—generally forty or fifty—in the company, but gentlemen who join in order to get "a pull" out of the affair would be the last to lay out money in paying for shares. The result is, that the promoter of the company almost always offers to qualify directors—that is,

to give them the requisite number of shares—gratis. It was so with The Grand Financial and Credit Bank of Europe, Asia, Africa, America, and Australia (Limited). Mr. Eastman, our promoter, soon saw that, to induce certain gentlemen to join the board, he must offer to qualify them, which he did; thus making them, as it were, a present of four hundred pounds each, in shares, for on each share they received it was stipulated that the calls to the amount of ten pounds should be written off as being paid, and thus they had only to wait until the first two calls were paid, when they could, if they wished, retire from the direction, sell their shares, and pocket four hundred pounds each.

With these various advantages, or "pulls"—viz., a certain amount of patronage in the bank, the two or three guineas for each director per week, a few slices of the promotion money, and being each "qualified" with forty shares on which ten pounds per share was paid—it is not to be wondered at, that, in a very few weeks, we found our list of directors full, and very little wanting to launch the company on the sea of public opinion, there to float or sink, as fate might direct. Our prospectus was now filled; the parts of the play were cast. Under the word "DIRECTORS" came the list of those gentlemen—

a list now swelled up to eight; and so pleased was Mr. Eastman with the general appearance of these names, that he never seemed tired of contemplating the paper, of which I must give a copy as it stood when the bank was ready to be floated. Here it is:—

THE GRAND FINANCIAL AND CREDIT
BANK OF EUROPE, ASIA, AFRICA, AMERICA, AND AUSTRALIA
(LIMITED).

Incorporated under the Companies' Act, 1862.

CAPITAL, ONE MILLION.

With power to increase to £5,000,000.

Twenty Thousand Shares of £50 each; First Issue, Ten Thousand Shares.

The Directors do not propose to call up more than £25 per Share.

Chief Office in London.

With Branches in every important commercial town in the world.

DIRECTORS.

G. F. Dant, Esq., Oriental Club (late of Messrs. MacLean, Dant, and Co., Hong-Kong and London).

Major-General Fance, The Grove, Buxton (late Military Secretary Madras Government).

Charles West, Esq., 108, Westbourne-square (late Madras Civil Service).

William Everett, Esq. (Director Liverpool Eastern Insurance Company).

C. T. Francatello, Esq. (Messrs. Francatello and Co., Minchlane).

H. B. Eastman, Esq., 75, Great Tooting-street.

Edward Spencer, Esq. (Director of the Mutual Trading Company, and of the Overland to Siberia Company).

Colonel T. Frost, 212, East Grove-terrace, Belgravia.

Mr. Everett lived two hundred and more miles from London, and although a man of business himself, never intended to sit at the board, for the reason that in all probability he would never be in the metropolis more than once in six months, and then only for a few hours at a time; Mr. Francatello was a Levantine commission agent, without fifty pounds of capital that he could call his own; Mr. H. B. Eastman was a lad of nineteen (a brother of Mr. Eastman, who was the promoter and solicitor of the company), and was put on the board partly to keep a little more of a "good thing" in the family, partly to vote as his brother directed; Mr. Spencer was a gentleman, whose only trade or calling was to become a director of anything that was offered him, for the sake of the two guineas a week it yielded him in fees; and lastly, Colonel Frost was an individual whose antecedents were best known to the officials of the Bankruptcy Court, and whose only property was a yearly increasing crop of debts. If the public at large had known all this, perhaps it might not have applied for many shares in our concern. But it was not for us to tell of our shortcomings. We had gone through no small amount of trouble to do as well as we had—let others look to the inquiries that had to be made—each man for himself.

But now, on the very verge of success, there arose a difficulty which at first seemed insurmountable: nothing less than that old story, the want of money. Our directors—such as they were—were all in their places. A respectable bank had—goodness and the promoter knew how—consented to take our account; the names of Mr. Eastman, as solicitor, of myself as secretary, and of an accountant as auditor, were all in their places; in short, the curtain had but to be pulled up for the play to begin, when it was discovered that there were no funds forthcoming for the advertising expenses. Before the public can pay for shares, they must apply for them; before they can apply for them, they must know that the company has started; and the only recognized means of informing them of this is by advertising. But advertising is expensive. To make the British public fully aware that The Grand Financial and Credit was ready to take their money in exchange for share certificates, it was necessary to insert a very long advertisement in the "Times," "Daily News," "Post," "Telegraph," and other papers. To advertise a prospectus of ordinary length for ten days or a fortnight, a sum of not less than from eighteen hundred to two thousand pounds is requisite, and this sum was not forthcoming. The directors individually did not see

why one of their number any more than another should put his hand in his pocket. The bank might not float after all. And be it remembered that, up to this time, nothing but promises and undertakings had passed from one to another; money or cheques had not been as much as seen.

In this dilemma a meeting of the directors was called, at the temporary offices which Mr. Eastman had borrowed gratis from a friend for a few weeks, giving the said friend an undertaking that, if the bank floated, he should be paid his rent fourfold.

The meeting of the board was a full one, but no one seemed inclined to put down any money. Even the promoter and future solicitor, Mr. Eastman "could not see" his way clearly to drawing a cheque, on the mere and bare chance of being repaid if the shares of the company were allotted. He said he was quite certain that the scheme would take with the public, and he tried to persuade the directors collectively to give some advertising agent a guarantee that the expenses of advertising would be repaid, but they, one and all, did not seem to see the subject in the light in which this gentleman saw it. "If he was so certain that the scheme would pay, why did he not advance the money himself? Or, if he were short of funds, he might himself give the advertising agent the

guarantee required." The meeting broke up without coming to any determination whatever, and I felt that my future secretaryship was by no means secure.

But Mr. Eastman was not a man to be daunted by trifles. In the course of twenty-four hours he had overcome the difficulty. By means known only to himself, he procured somewhere in the City an advertising agent, with whom he made the following bargain: This agent was to take upon himself the whole risk of advertising The Grand Financial and Credit Bank, and was to expend such sums as the promoter directed for that purpose, up to eighteen hundred pounds. For this, if the company did not proceed to allotment, he was to receive nothing; but if it succeeded—if the applications for shares were sufficient to warrant an allotment taking place—he was to be the first person paid out of the deposits, and for every hundred pounds risked he was to receive threo hundred. The bargain, in short, was a speculation, in which the advertising agent might lose all the money he had laid out, or might, in less than a month, make a profit of two hundred per cent. All parties appeared well pleased with the arrangement. The directors were so, because whatever happened they would not lose anything. Mr. Eastman was pleased for the same reason.

The advertising agent was glad to risk the money on the chance of being repaid threefold.

Accordingly, our prospectus appeared one morning at full length in all the papers, as did also a notice in the money article of the leading journals, telling the public that "A new scheme, called the Grand Financial and Credit Bank of Europe, Asia, Africa, America, and Australia, had been brought out with a nominal capital of one million," and that "the direction was highly respectable."

Were the applications for shares numerous? At first they were not, but a day or two after our prospectuses were launched, friends of Mr. Eastman's were sent upon the Stock Exchange to "rig the market." Thus, some gentleman not worth a ten-pound note in the world, would obtain an introduction to a respectable stockbroker, and would tell him (in confidence, of course) that he wanted to *sell* two or three hundred shares in the "Grand Financial," but would not do so at less than two, or two and a half, premium, because he was sure of having a certain number allotted him, and he knew well that the number applied for already, exceeded the number to be allotted in the proportion of three to one. In the mean time, another friend would go to another stockbroker, and say that he wanted to *buy* so many shares of

the new bank, and would go as high as two, or two and a half, premium for them. Thus bargains—mere shams, of course—were made at this price, were quoted in the "money articles" (though not in the authorized lists), the public read them, was anxious to try its luck, thought that even if it got but a few shares, the money would be easily made, and so came forward with a rush to apply for shares. In a week, all our ten thousand shares were applied for, and before another ten days was over that number was nearly doubled. The directors wisely struck while the iron was hot, and proceeded at once to allot the shares. Mr. Eastman got a cheque for his five thousand pounds of promotion money; the different directors got their respective "pulls" out of the concern; the advertising agent made his two hundred per cent. profit; and so the bank floated.

How the affair worked—how it went on very well at first, then got shaky, and, finally, came to most unmitigated grief—must form the subject of another chapter.

CHAPTER IV.

HOW THE BANK CAME TO GRIEF.

New institutions generally work well at first, just as new brooms are said to sweep clean. Our bank was no exception to the rule. About two months after the shares were allotted, we moved out of our temporary offices, and commenced business in premises which had been hired and fitted up on purpose, and at vast expense, for our use. Nothing could be smarter than our desks, counters, brass rails, and new ledgers; nothing more grave and business-like than our cashiers; nothing more imposing than our board-room, with its large table and fourteen easy-chairs; nothing more overpoweringly respectable than our two semi-livery dressed messengers. The very sight of our piles of new cheque-books—numbered, lettered, and stamped—or of our heaps of new white calf-bound pass-books, ought to have given even a South Sea Islander an uncontrollable desire to open a current account, had he come into our office. As I gazed upon these triumphs over past difficulties—these

incontestable evidences that out of nothing not a little had been made—I could hardly help wondering that the passers-by—as they read upon the brass plates of our doors that within those walls THE GRAND FINANCIAL AND CREDIT BANK OF EUROPE, ASIA, AFRICA, AMERICA, AND AUSTRALIA (LIMITED), lived, and moved, and had its being—did not rush in, and beg to do business with us.

At first we certainly got many constituents, some, but by no means the majority, of whom were respectable, and kept balances more or less large in our bank. Most of these new accounts were brought in by our different directors, each of whom made it a point to ask his friends to give the new concern a helping hand. As a matter of course, a number of accounts that were neither respectable as to the character of those who opened them, nor in any way worth having in a pecuniary sense, were brought to us. A new bank can hardly—or at any rate the managers of these young institutions seldom, if ever, have the courage to —reject any accounts, and we were no exception to this rule. "Get accounts, good ones if you can, but in any case get them," seems to be the maxim of all managers of new banks. Thus, often an individual on the verge of insolvency would come to us, simply because his own—

some older—bank had plainly intimated that they did not think his account worth keeping, and would feel obliged if he would withdraw the small balance, if any, that stood to his credit in their books. He would make a great show of opening an account with us, paying in fifty, eighty, or one hundred pounds to begin with, but rapidly diminishing his balance by frequent cheques, until at last came one, which from the credit removed his balance to the debit side of our books. Overdrawn cheques were not refused payment, because our manager was afraid of offending new customers, and hoped as times went on that matters would mend. Managers of young banks like to be able to say at each weekly board meeting, that during the last seven days there have been ten, twenty, or thirty new accounts opened, and the directors but too often take this as a criterion of business done, without inquiring who are the new customers, or what are the balances they intend keeping to their credit. However, some of our new accounts soon showed themselves to be of a nature which even the manager of our bank could not stand. One I remember particularly. The man who opened it paid in four hundred pounds on the Monday, and during the next two days made several payments to his credit of ten, twenty, and thirty

pounds each, giving at the same time a number of cheques against his account. Our cashier saw that although large amounts were paid out of this account, a good deal was paid into the credit of the customer, and therefore believed him to be in a large way of business. One day, about a fortnight after the account was opened, there stood but two or three pounds to the credit side of this gentleman's balance, when late in the afternoon he paid in a crossed cheque for five hundred pounds, drawn by another person upon one of the West-end private banks. As our establishment was much too young to belong to the Clearing-house, we had to pass in the crossed cheque to the bank where we kept our account, in order to have it cleared, and therefore could not know until next day whether the cheque was paid. In the mean time, believing that it would be duly paid, the ledger-keeper had passed the cheque to the credit of our customer, which was just what the latter had calculated upon. Some hours before we could know whether the cheque would be paid us or not, an open cheque for four hundred and fifty pounds from our client was presented and paid over the bank counter, and from that day to this that highly respectable individual has never been heard of. I need hardly say, that in due time—a few hours after his own cheque

had been paid by us—the crossed cheque he had given us for five hundred pounds, with the letters "N. S."* written upon it, was returned to us, and thus our customer made in the space of a few days exactly four hundred and fifty pounds by his little speculation.

This was the largest, but by no means the only, loss we had in the item of customers' balances during the first two months after we commenced business. In the discount department, however, our misfortunes were on a very much greater scale, and although our manager had been many years in business in London, he appeared to be made a victim by every one who wanted to exchange worthless paper for hard sovereigns or crisp bank-notes. Here I would say a word respecting the general opinion that bank managers are invariably to blame for the bad bills discounted by the establishments they govern. This, although true in theory, is a mistake as to practice. In most instances—in almost every case when a bank is young, and very often when it is old—all heavy discounts made are to parties introduced by individual directors, and cannot, therefore, be well refused by the manager. It was so in our case. Nearly all

* "N. S.," meaning "not sufficient funds to meet the draft."

—I may say all—our large mercantile discount accounts were introduced by Mr. Francatello, a Levantine commission agent, who was one of our directors; and it was, therefore, almost impossible for our manager to refuse discounting bills, the goodness of which was vouched for, and in many cases endorsed, by a member of the board, one of his masters. It was—afterwards, when too late, as is generally the case—found out that this same Mr. Francatello was himself largely engaged in the discount of indifferent and bad paper. That is to say, he would take the bills of foreign and other merchants who were in a very small way of business—bills that no respectable bill-broker, or no bank of any standing would so much as look at—and discount them at say ten or twelve per cent., while he endorsed them and re-discounted them at our bank at four or five per cent., thus making a clear four or five per cent. by the mere act of writing his name across the back of a bill.

So long as the commercial barometer marked "set fair," this little game of "heads I win, tails you lose," was an exceedingly pleasant one to our Levantine director. He had accepted office in our bank for the sake of carrying out his own views, he had been paid some four or five hundred pounds in shares for joining our direction, and

could lose nothing by his speculations, because, as I said in the last chapter, he had nothing whatever to lose. If the fine commercial weather lasted, he was safe to make money. The questionable paper of his foreign and other friends would be sure to be met, and if the mercantile glass fell, and the paper he had discounted at our bank came back upon him, he had only, as the Yankees say, to "crack up" and start afresh: in other words, three or four ten-pound notes, a clever solicitor, a good accountant, and the Court that works in Basinghall Street, would act as a wet sponge, and wipe out the score he had run up on the slate of our unfortunate bank.

Mr. Francatello was not the only one of our directors who managed to make his seat at the board a means of profit. By the hands of Mr. Spencer and of Colonel Frost came military, and through Mr. Eastman legal, paper to be discounted. The first of these—the military stamped paper—was less pretending as to its soundness, less hypocritical as to the probability of its being paid, but much more—theoretically—profitable as to its rates of interest, than any other class of bills brought to us. These little documents had their peculiar characteristics. They were always drawn in even sums—thirty, forty, fifty, or one hundred pounds each—and

invariably for the full amount which the stamps on which they were written would bear. There was no sham of odd shillings and odd pence being tacked on to the end of the pounds, to give them a commercial air. They were wholly, solely, and altogether, "accommodation" bills, but they had the honesty to avow their character openly. They were generally drawn by one military man—say "G. H. Tomkins, Lieutenant in the 110th Regiment," at Aldershot—upon another—say "F. A. Jones, Captain in the 23rd Hussars," at Dublin. And so sure as the bill of Tomkins upon Jones was brought to us upon the Monday, as certainly before the Saturday night would that of Jones upon Tomkins be offered to us for discount. The parties who brought us this kind of paper were two of our directors, Colonel Frost and Mr. Spencer—chiefly the former, who—as we found out later—derived the main part of what little income he had, by "touting" for West-end military and other bill discounters, gentlemen who do business chiefly in the sixty per cent. line. When these bills were offered to our manager, they were invariably said, by those who brought them, to be both drawn and accepted by officers in the army of "large private fortunes, sir." But when the paper arrived at maturity, it was generally found that

the drawer had sailed for the Cape or for India, whilst the acceptor had probably sold out, or gone on half-pay, or was otherwise returned as *non est inventus*. If the manager could get paper of this kind renewed, happy was he; but, as a general rule, he had to hand it over to our solicitor, who charged—either the bank, or the non-paying acceptor, or the drawer of the bill, or perhaps all three—six and eightpence for each letter he wrote, and then began the game of serving writs, so that in the end, if our shareholders lost, why somebody else made, money, and therefore it would be unfair to complain; for what more would you have? And moreover, were not the—imaginary—profits great? Were these bills not discounted at forty, fifty, or sixty per cent.? It is true that a large commission was given to those who brought them to us, but still, after all said and done, the bank stood to gain at the rate of forty or fifty per cent. per annum—provided the bills were paid, which they seldom or never were. Forty or fifty! Why, I remember one bill drawn by an ex-Lifeguardsman, and accepted by a gentleman who was then—but is no longer—in the Foot Guards. It was drawn for one hundred pounds, at two months after date. For this little document the bank gave seventy pounds, or, in other words, charged in-

terest at the rate of one hundred and eighty per cent. per annum!

There were also what I may call the legal bills which our director, Mr. H. B. Eastman, or else his brother, who was our solicitor, brought us. I call these documents "legal" merely because they professed to arise from law transactions, and not on account of their being in any way more lawful tender or more "safe" to discount, than any other kind of the worthless paper offered to, and discounted by, our bank. The origin of these bills was generally complicated, and always curious. For instance, the friends of some clergyman wished to purchase an advowson for him, or, more truthfully speaking, some clergyman wished to purchase an advowson for himself, in the name of his friends. Let us say that the sum required was three thousand pounds, and of this the intending purchaser was minus five hundred pounds. He would go to his solicitor, and, through some complicated method of giving that individual a lien upon the advowson, as well as of insuring his life and assigning the policy to the lawyer, get the latter to discount his note of hand for the five hundred pounds, which note of hand was to be renewed again and again on payment of a certain commission. For this discount the solicitor generally charged his

client about ten to twelve per cent., and then re-discounted the document at the bank for five or six per cent., thus making a clear profit of five or six per cent., and having all the time the use of his money. If the client paid the notes of hand at maturity, well; if he did not, the bank had to ask payment of the solicitor, who either compromised the matter, or obtained time, or otherwise had matters "made pleasant" for him. The bank could hardly sue its own legal adviser, and, therefore, as is usual under such circumstances, the unfortunate shareholders were the sufferers.

I have said that so long as the commercial wind was fair, our director, Mr. Francatello, carried on his little game of discounting at ten or twelve per cent., and re-discounting at five or six, with both pleasure and profit to himself. Nor did he hide these good things from others. He introduced to the bank a host of friends, all so called "mercantile" men, who opened accounts with us, and "did" largely in the discount way. These gentlemen were chiefly foreigners, mostly descendants of the ancient Hellenic race. The bills they brought us were pretty uniform in character. The house of Bravetti and Co., of Odessa, would draw for seven hundred and four pounds ten shillings and eight-

pence, at three months after date, upon Bravetti Brothers, of London, in favour of Ramonda and Company, also of London. Of course the bill would be duly accepted, and would then be brought to us for discount. If matters went right—if no storm arose—the bill would be duly provided for, at maturity, by the London house drawing upon the Odessa firm, and getting the draft discounted. Had matters been sifted, it would probably have been found that Bravetti and Co., and Bravetti Brothers, were one and the same people, and that if the one house failed the other was pretty certain to follow suit. If we had merely discounted a few such bills—here a few hundred pounds and there a thousand or two—it would not have been so serious a matter; but when our bill case began to fill with similar documents, and still more when, in order to keep in funds, the bank had to endorse and re-discount nearly all this paper, matters commenced to look alarming, and the directors began to feel that the foundation of the house was built on sand. The military, the West-end, legal, and "sundry," bills might amount to some hundreds of pounds—a couple of thousands would have nearly paid them all—but the "commercial" paper which had been brought us by Mr. Francatello and his friends was a very

large item indeed, insomuch that nearly the whole paid-up capital of the bank was seriously compromised.

It may be asked what our directors were about that they allowed the tide to rise so high before becoming aware of the danger they were in? The answer to this is the old tale, often told, and yet—it is to be feared—often to be told again. Of our eight directors four took little or no practical interest in the bank. Mr. Dant had joined the bank for the sole purpose of obtaining the secretaryship for me, his nephew. Mr. Dant's two friends, General Fance and Mr. West, had joined the direction to please Mr. Dant, and thought that, by showing themselves from time to time in the board-room, they would perform all the duty required of them. These gentlemen put entire trust in the manager, who, in his turn, was almost entirely controlled by the directors interested in getting bills discounted. Mr. Everett, another director, lived far from London, and never came near the bank oftener than once in six, eight, or ten weeks, when he had not time to look minutely into everything that had been done in his absence. As a general rule, shortly after we began business, there were seldom more than three directors present at the weekly board meetings,

and these were generally the same individuals, Messrs. Francatello, Spencer, and Colonel Frost, all three of whom were more or less interested in obtaining accommodation from the concern, seeing that they could not get it elsewhere, and that if they—more particularly the first-named, and the various friends he had introduced to the bank—stopped payment, it was not unlikely that the bank would stop also. To keep the establishment going, they had to keep themselves afloat, and to do this they had to use freely both the funds and the credit of the bank; in fact, after a time matters became so that these three, the only directors who took any active share in the management of the concern, were employed day after day in propping up their own credit and that of those persons whom they had introduced to discount in the bank.

Just about this time another circumstance occurred which helped greatly to hasten our fall. I have mentioned in my previous paper that the promoter of the company was Mr. Eastman, who was also our solicitor. I have also said how this gentleman got five thousand pounds for his share of the promotion money, out of which he was to qualify the other directors for their seats upon the board. These qualifications were to have been

paid in "money or shares," according to the terms of the undertaking with which each director was furnished by the promoter. Had the value of the shares risen—or even if they had been maintained at par—the directors would have been happy to accept the value of what they had to receive in this security. But it so happened that in the City rumours had got abroad respecting the rash, speculative—and even worse—nature of our business, and so our shares were unsaleable, save at an immense discount. The directors then stuck to the letter of their contract, and determined to receive their qualification in money, and in money only. To this our promoter objected. Was he to give a hundred pounds for what he could obtain for fifty? Our shares would only cost him one-half of the amount he had to disburse, for they were at a discount of fifty per cent., or even more. On the other hand, the directors said, why should they receive as a hundred pounds what they could only sell for fifty? Thus disputes entered into the board-room, and set the directors by the ears. Some of these gentlemen had been "squared" by our promoter, in order that they might by a majority carry the proposition which had been put before them respecting the payment of their qualifications in shares instead of money. Un-

fortunately for himself, as well as for the prospects of peace in our board-room, Mr. Eastman had over-reached himself. In "squaring" certain of the directors he had not made use of money, but had given undertakings to pay certain sums by a given day. These undertakings he had not fulfilled, and of course those who had received them —and some of the directors, being more or less needy, had endorsed them to third parties as security for money borrowed or otherwise owing—were not a little angry at faith not being kept with them. One or two of the directors then resigned their seats at the board, and this fact getting abroad made our position in the City all the more shaky. Our manager declared that he had the greatest possible difficulty in getting any of the bills which he had taken re-discounted at any of the banks or discount houses. More than one of the few good customers we had quietly withdrew their accounts from the bank. Occasionally, if a heavy payment had to be made, there was a want of cash in the till, and parties had to leave notices of drafts, and even sometimes of cheques. In short, things looked altogether so bad, that the three gentlemen whom I had brought on the direction resigned their seats, nor could I in conscience request them not to do so, although they were the only friends I had on the board, and their absence

greatly altered my position for the worse in the office.

Even at this stage of our affairs there was time to save the bank; and if such of our directors as were left, had been honest and solvent men, the concern might yet have pulled through. But your true joint-stock companymonger can do nothing in a straightforward manner, or rather he can—or does, which comes to the same thing—do nothing without having what in his slang he calls his "pull" out of the affair. Tottering as our bank was, a wealthy well-known City merchant, of the very highest respectability, offered to join the direction, provided the present board, as well as the solicitor, resigned, and six friends of his own—all men of some standing in the mercantile world—together with six more gentlemen, who were to be selected by the shareholders at large, joined him in the direction. To this, three of the four directors left of our present board agreed, on certain conditions—these conditions being that each of them should receive two thousand pounds in hard cash, as compensation for the loss of his seat at the board. The fourth director, Mr. Eastman, as well as his brother, the solicitor, altogether declined to resign, but intimated that they had no objection whatever to serve with the new board. To this the gentle-

man who had offered to re-establish our credit, objected, and at once withdrew his proposition. So the proposition fell through, and was no more thought of.

To make matters worse, commercial matters throughout England began just at this time to look very queer indeed. More than one of the firms whose bills we had discounted to a large amount, and had then re-discounted at other banks, failed, and we had at once to find money for those engagements. To meet these and other liabilities, a call of five pounds per share was made upon the shareholders, and wonderful to say, the call was at first pretty well responded to. In the course of a fortnight, some ten or twelve thousand pounds were paid into the bank, and served to stave off the evil day for a time. But the commercial crisis got worse instead of better. Some of our shareholders wanted to realize upon their shares, but found it impossible to do so, unless at a loss of something like seventy-five per cent. Many sold at this price, rather than risk losing the whole, and as these sales were very soon known, the value of our stock became still more depreciated. Our directors held on bravely for a time, knowing that their case was all but desperate. As the Bank of England's rate of discount went up week after week, our mana-

ger's courage went down. Of business we had little or none doing. Mr. Francatello was every day, and all day, in and out of the manager's room. More and more of the paper he had endorsed and discounted with us, kept coming back upon him, and to meet it he had no funds. His brother directors, being themselves very much in the same fix, only in a smaller degree, allowed the amount of these bills to be carried to his debit, in what was called a "Suspense Account," and he allowed the same to be done for the liabilities which came back upon them.

Whilst this was going on, the shareholders began to murmur. The scrip they held had become utterly valueless in the market, and they feared greatly from what they heard outside, that the bank would go to the bad, and they would be called on to contribute still further upon their shares. Day by day did we receive letters—letters of indignation and of remonstrance, letters demanding information and demanding explanation —from our shareholders in the country; whilst one or other of those resident in London came daily to the office to ask how matters were going on. It was now that my troubles as secretary commenced. I had to reply to all the angry letters that came, and see all the indignant shareholders who called. One old gentleman, a Dissenting clergy-

man from one of the Eastern Counties, shook his fist in my face, and threatened, if I did not on the spot give him a cheque for five hundred pounds, the amount he had paid up upon fifty shares, he would have me up before what he called "the Lord Mayor and all the aldermen." I began to feel that my lines had not been cast in pleasant places, and to avoid all unpleasantness, began to keep out of the office as much as possible. I heartily wished that I had never formed any acquaintance either with Mr. Eastman or "THE GRAND FINANCIAL AND CREDIT BANK."

At last the beginning of the end came. Mr. Francatello, in spite of every financial scheme and dodge, in both of which he was no mean adept, was obliged to stop payment, and to avoid being provided with free lodgings in Whitecross Street, had to take out his protection in the Bankruptcy Court. By our Articles of Association he could no longer sit at our board as a director, and of the three directors left, one, Colonel T. Frost, found it more convenient to betake himself to the Continent, as he was labouring under a slight suspicion of debt, and had in his pocket more than one printed slip of paper, on which the first words were "VICTORIA, BY THE GRACE OF GOD." The only directors now left were Mr. Eastman, brother of our solicitor,

and Mr. Spencer—for Mr. Everett, a canny North countryman, who seldom came to London, had left the ship when the first signs of the storm came on. According to our Articles of Association, not fewer than three directors could form a board, thus our vessel was left without any one to direct her, and affairs were brought to a stand-still.

Now commenced a legal race as to who would win the prize of winding up the company in Chancery. Every solicitor who knew any shareholder of the bank, tried to be put in the field; nay, our own Mr. Eastman, the promoter of the company and the very author of its being, tried hard to get the job, which was worth a couple of thousand pounds to the fortunate lawyer who obtained it. I did hear it said in the bank that Mr. Eastman had had the petition to wind us up in Chancery for many weeks in his pocket, and that he only waited for a favourable opportunity to use it, being in the mean time busy getting "undertakings" from others, by which he could make something more out of the concern. But however this was, Mr. Eastman was not fated to kill his own child, for although he tried hard, he did not obtain the winding of us up. There was an indignation meeting of the shareholders, and they appointed their own

solicitor to wind us up, the petition being duly granted by the Vice-Chancellor. In a very short time the shutters of our office ceased to be taken down, and thus ended the history of "THE GRAND FINANCIAL AND CREDIT BANK OF EUROPE, ASIA, AFRICA, AMERICA, AND AUSTRALIA (LIMITED)."

CHAPTER V.

HOW THE BANK WAS WOUND UP.

No sooner was our bank fairly pronounced defunct, than the lawyers and accountants began to hold high festival over its body. Truly says the homely proverb, "What is one man's meat is another one's poison." What was utter ruin to many—a very serious loss to all the shareholders—was to the legal profession in the City a rich harvest. The gentleman appointed by the Court of Chancery to wind us up was an accountant; but he, of course, had his friends, in the shape of an eminent legal City firm, and—equally as a matter of course—he brought them in to help him as solicitors for finishing off the affairs of the bank. In these little transactions there is generally an understanding that "share and share alike" is to be the rule as to all "costs" which the lawyers can get out of the concern; so that what between his fees as official liquidator, and half the law charges that are earned by the solicitors, the accountant always hopes to make a

nice little thing out of the job, and he is seldom doomed to be disappointed. No wonder that these windings-up are much sought after, or that when a joint-stock company is in trouble there are not wanting those who prompt the shareholders to resort to the Court of Chancery. The individual who gets named official liquidator may, in consequence, write himself down a richer man by at least two thousand pounds, and the legal firm that helps him will certainly be better off by more than half that amount before the work is over.

Who that has been in the East has not often seen high up in the air numerous vultures, or other birds of prey, hovering round and round in slow circles—moving on the wing, but never going far from the same spot—as if waiting for something which they know must happen ere long? When he sees this the traveller at once knows that somewhere in the near neighbourhood there is a sheep, goat, mule, horse, or other animal dying, and that the vultures are only biding their time until the creature be really dead to pounce down upon the carcase, and feed and quarrel over all of it that is worth eating. Times without number have I witnessed such a scene in other lands, and also in the city of London, our own dear overgrown Babylon. Only here the

soon-to-be-defunct body was always a joint-stock company on its last legs, and the birds of prey hovering over it were the solicitors and accountants, waiting to feed upon its dead body. As with the vultures so with the legal advisers. It is the very fighting, which they join and promote amongst themselves, that causes the delay of final settlement, but that very delay brings to the claws of the stronger vultures those tit-bits which, in the case of the dead animal, we should call fat flesh, but to which, in that of the dying company, we give the sweet name of "costs."

Those who have not been behind the scenes at the birth during the life, and at the death of a joint-stock company would imagine that nothing must be easier than to wind up a concern such as ours. They would, no doubt, fancy that all the official liquidator would have to do would be to collect such moneys as are due to the affair, pay all just debts as far as he could, and—if the funds in hand are not enough for that purpose—to cause, or enforce the payment of a certain contribution by the shareholders, under the "Limited Liability" Act, by which each individual is liable only for the amount and number of shares for which he has subscribed. This, however, is only in theory—the practice is very different.

We had altogether about two hundred shareholders. When I say that of these persons there was not one that had not offers of services from at least one, two, or more solicitors, the commotion which our coming to grief caused in the legal world may be imagined. And as many advisers, so many legal opinions were there. Some of these gentlemen held that the bank had never been properly constituted, that the shareholders were not only not liable for any further calls upon them, but that they had been cheated out of the money already paid; that the directors were a parcel of swindlers, having obtained money on false pretences, and that if all the deposits and calls that had been paid upon shares were not returned immediately to the shareholders, all the members of our late board would be indicted as criminals before the Lord Mayor, and subsequently be brought to the bar of the Old Bailey. My friend the dissenting minister from the Eastern Counties, who on a former occasion had shaken his fist in my face, seemed to have a very strong opinion on the subject. He had paid about five hundred pounds upon his shares and calls, and this money he demanded should be at once refunded him. Indeed, his legal adviser went so far as to write to one of the directors, that unless a cheque for the amount

was sent by return of post, he, the said director, would be at once charged with criminal conduct before a police magistrate.

Threats like these of course did no good whatever to those who uttered them. If any director had been fool enough to pay one shilling to the shareholders, the whole of his fortune would have been absorbed like so many drops in the ocean. But the legal gentlemen gained in the quarrel, or at any rate they gained so far as to be paid by their clients for work done—for "costs"—even though the said clients derived no benefit whatever from their advice. But there were not many of our shareholders foolish enough thus to run their heads against stone walls, although one and all tried upon various pleas to shake off responsibility, and be declared as not liable to any future payments. Thus, when letters were written to them all, telling them that they would have to pay up a certain amount on their respective shares, answers to most of these came, saying, in polite and legal language, that they, the writers, would see the official liquidator in purgatory first. Some declared that they had been induced to take the shares under false pretences; others, that the company was no company, never could have been legally a company, and that the

directors were men the very reverse of honest. Day after day did communications like these reach the official liquidator. They were all written by the respective solicitors of the different shareholders, and not only cost money, but before each was indited, legal opinions, consultations, and other preparatory measures, had also to be paid for. Then came the replies from the solicitors for the winding-up, which had also to be paid for, as had opinions of council, serving of writs, fees for doing this, that, and the other, so that almost from the very commencement the labourers in the legal profession had a rich harvest, which they reaped with no little energy and activity.

In the bank, we who were of the staff of the company had now an idle time of it. We had nothing whatever to do, and we did that remarkably well. Four months' notice to quit the service had been served upon each of us; but notwithstanding our occupation was gone, we came almost every day to our old haunts, although we arrived in the morning and went away in the afternoon at such hours as suited our own convenience. We were not allowed to touch a book, or write a letter for the winding-up of the bank; the official liquidator having put clerks of his own in charge of everything in the

office. We read the "Times," roasted chestnuts on the fire, had cozy hot luncheons, at our own expense, in the board-room, and altogether behaved ourselves as high-minded gentlemen under a temporary cloud ought to do. Now and then our dignified leisure was disturbed by some indignant shareholder, who came up from the country under the delusion that he had only to apply at the bank in order to have the whole of the money he had paid upon shares returned at once. These parties did not, however, get much satisfaction from us. In fact, they generally went away under a vague, but not ill-founded, impression that they were being jested with, and returned to whence they had come more angry, if not wiser men than before. For some of these persons, however, it was impossible not to feel sorry. Many of them had been seduced into taking shares partly by the grand promises which our prospectus held out, but chiefly by the often reported success of numerous other companies of a like nature with ours. One poor lady—the widow of a clergyman—had been induced into taking shares, upon which she had paid five hundred pounds—the half of all she had in the world—and was now liable for at least five times that amount. She had thus utterly ruined herself, and with her were ruined four

children under ten years of age. The money she had invested was the total savings of her late husband, the fruits of twenty-five years' self-denial. She had read in the papers of the large premiums which the shares in various banks and finance companies commanded, and she hoped by this—her first and last—speculation she would be able to add something—a few hundreds, at any rate—to her little store. She appeared quite stricken down by her misfortune, but was not alone in her troubles. An officer—a major—in the army had, by long service and great economy in India, scraped together enough to enable him to purchase his lieutenant-colonelcy. There being no immediate prospect of promotion, he had invested his hard-earned savings in our bank shares, thinking that whenever called upon to pay for his step he could at once sell them and realize his fund, perhaps with a considerable profit. He now found all his money swept away, just as he wanted it to pay for his rank. He had no other means, and not being able to purchase, was passed over by his junior, who thus obtained command of the regiment. The silent despair of this veteran was enough to make the heart of any save a promoter of companies bleed. It is true that, strictly speaking, men like him have no more right to speculate than a child has

to play with razors; but he had seen the names of men he knew and respected—men who had themselves been deceived—amongst the directors, and, thinking the concern must be a sound one, he had invested his all; his past years of saving and his future professional rank were alike swept away at one blow. "I can never hope now to be a general officer," were the last words he said to me upon leaving the bank. Six months later—having previously sold out of the service—he died, as I was told, of what may be truly called a broken heart.

There were also several old servants—men and women—that had, with their savings of many years, bought our shares, and were now beggars. One case I remember particularly well. It was that of a couple considerably past middle life. The husband had been thirty years butler in a nobleman's family, the wife had been nearly as long housekeeper to an old lady who had just died, and left her a hundred pounds. The united savings of husband and wife amounted to about three hundred pounds, and with this they were going to take and partly stock a small inn, in a town where they could obtain credit for the rest of the money they wanted. In an evil moment they had seen the prospectus of "THE GRAND FINANCIAL" in the papers, and believing that

they would be able to double their little capital in a very few months, they purchased shares to the full amount of what money they had. They were now worth several hundred pounds less than nothing, for they were liable for the full amount of the shares they had so foolishly taken.

But I could fill many pages in describing all the misery caused by the break-up of our bank. For those who had taken shares as a speculation, and who had done so with their eyes open, no one could feel the least pity. Yet these were by far the most noisy and abusive. There were sharp individuals from Leeds, hard-headed calculators from Huddersfield, and men who would have sold their own fathers—if they could have done so at a premium—from Liverpool. These and many more used for a time to frequent daily the bank, and make all kinds of preposterous demands of instant payment of the money they had invested in shares. Of course I, as secretary, had to receive them; but they got very little satisfaction out of me, beyond the offer of a seat when they came in to the office, a few civil words whilst they remained, and a bow when they took their departure. Some few of these gentlemen, however, came so often that I got quite intimate with them, and they used often to insist upon my leaving the office and showing

them about London, even paying out of their own pockets for sundry steaks, chops, soups, and other luncheon refreshments which we partook of together in various parts of the metropolis, to say nothing of hot brandy-and-water which these strong-headed north countrymen appeared able to drink in any quantity at any hour, and which seemed to affect their heads no more than so much lemonade or soda-water.

There was, however, one shareholder who nearly brought down the whole fabric of the bank upon the heads of the unfortunate directors. When called upon to contribute his share, this individual denied his liability on the plea that, inasmuch as the prospectus of the bank set forth that one kind of business was to be done, and the Articles of Association permitted more extended operations being entered into, he—having applied for shares on the faith of the prospectus—ought not only to be declared free from future liability, but also to have the money he had paid returned to him. In short, he pleaded that he was not a shareholder, and was thus entitled not only to be taken off the list altogether, but to have his money returned to him.

As a matter of course, a decision like this—for the case was tried and decided in the shareholder's favour by one of the lower courts of

law—took everybody aback. Nearly all the shareholders in the bank commenced instituting legal proceedings against the directors, and trying not only to get free from future liabilities, but also to have their past payments returned. The unfortunate directors were utterly aghast. Most of them had been induced to take seats at the board from representations which were at variance with facts, and, save two or three, none had reaped any benefit whatever from their connection with the concern. Some of them were men of straw, and to try and make them pay would have been but another means of forcing them into the Bankruptcy Court. Others had betaken themselves away to climates more congenial than England to the complaint of indebtedness. Of those worth any money, but three or four remained, and had these given up all they were possessed of, it would have been but a mere drop in the ocean compared with the sum required to satisfy the body of shareholders. That they should contribute their due proportion on the shares they held towards a settlement of claims, was but fair; but that they should utterly ruin themselves for the faults of others, certainly appeared most unjust; the more so as it could do no one any good.

The directors were, however, not the only

persons threatened with proceedings which would have ruined them for ever. Some of the more turbulent amongst the shareholders threatened the manager, secretary, cashier, and other officers, with criminal prosecutions on account of what they had done or left undone when the bank was in operation. Of course proceedings of the kind were in every way most absurd; still, no one likes to have his name figuring in a police report, and some of us—I for one—were prepared to start for the Continent at a moment's notice, for which purpose I kept a ready-packed carpet-bag under my desk for nearly a fortnight.

The anger of these parties very soon wore itself out. The decision respecting the non-liability of the shareholder, who said he had taken shares on the faith of the prospectus, was reversed upon appeal to the higher courts, and matters began to assume a quieter aspect in every way. Our greatest difficulty in winding-up the bank lay with the multitude of bad bills which had been discounted, and the difficulty of realizing even a tenth of what had been paid for them. Many of them were literally not worth the stamp on which they had been written, the drawer as well as acceptor having in several cases found their way to Basinghall-street. It

was now that the utter rottenness of the business we had done came to light, as well as a view of what the concern might have been if managed with ordinary care and prudence. Of deposits, or drawing accounts, we had very few in hand when it was determined to wind us up, for, as I mentioned in a previous paper, all the accounts worth keeping had been gradually withdrawn, and of deposits on interest we never had many. This made matters all the more easy to settle, and, perhaps, prevented an immense amount of misery amongst some of our poorer customers. But the funds of the bank appeared somehow most difficult to realize, so much so, that during the liquidation the salaries of the officers were greatly in arrears, and, in fact, it seemed almost impossible to obtain money on any account whatever. As the bills which had been discounted by the bank when the latter was in operation fell due, they were returned upon us protested for non-payment, and this made more work for the solicitors of the winding-up. Our official liquidator had his hands full. He only appeared in the bank once a day, and then seemed to ease his mind by bullying every one that came within his reach. Nor was it to be wondered at if his temper was of the shortest. Winding-up a bank is an exceedingly profitable,

but by no means an easy or amusing undertaking. Every person to whom the concern owed money appeared to claim their dues, whilst all who owed it money shirked payment in every possible way. All this was good for the lawyers, but by no means so for those to whom the bank was indebted. As little or no money was received, none could be paid away. The small slip of grey-coloured paper signed by the secretary and two of the directors, which each officer of the bank had, when the establishment was in work, received on the last day of every month—and which had only to be presented at the counter to be turned into hard cash—was now a week, ten days, and even a fortnight in arrears, so much so, that many of us began, in spite of ourselves, to get into debt, and county court summonses were not unfrequently served upon some of us in the bank itself. In short, there was seldom a more uncomfortable time passed by any set of employés than by us during the four or five months in which it was not known how a settlement of the bank's affairs would, or could, be brought about.

At last an order was obtained from Chancery relative to the proportion that each shareholder had to contribute towards liquidating the affairs of the concern. Our shares were each of fifty

pounds value. On each of these ten pounds per share had already been paid, and it was now ordered that ten pounds more be paid on each share, in two instalments of five pounds each. To such persons as owned but a few shares, this contribution was by no means hard, nor could the terms of payment be complained of. But to many it came very difficult indeed to pay. There were several individuals who owned a hundred shares each, whilst one or two had five times that number. To pay down five hundred pounds, with the prospect of having to pay as much again in a few months' time, was by no means pleasant, and still less so was it to those who had to contribute larger sums. So much was this the case, that when the official liquidator began to make tender inquiries after some of our largest shareholders, he found that either the desire for change of air had induced them to go to France, or that urgent business had obliged them to go somewhere out of England, having previously, with a generosity most uncommon in these days, made over the bulk of their property to some near relative or dear friend. One gentleman to whom the liquidator applied for his contribution, had the impudence to reply, from Pisa, that "a chronic *weakness of the chest*" obliged him to be absent from England, and

26970

prevented him from remitting the amount demanded of him. In short, few or none could, or would, pay their share of the liquidation, and those to whom the bank owed money began to look very blank indeed. Some paid up on the shares that stood in their names, but very many of those who did not leave England sought refuge in the Bankruptcy Court, and thus got rid of their liabilities. The bank, or rather the official liquidator of the concern, had to fight every inch of the ground before he could obtain anything at all from most of the shareholders, and even then had very often to end with a compromise, on the principle of half a loaf being better than no bread. It is not too much to say that for every five-pound note we recovered, the expenses incurred were not less than three pounds. As I have said before, it was rare times for the lawyers and accountants, but not for any one else, and the poorer of the creditors began to think that they would never see their money.

For some of these creditors the case was, indeed, a very hard one. Following a custom by no means uncommon amongst joint-stock companies of the present day, many of the tradesmen who had supplied the offices with furniture, stationery, or other goods, had consented to take

the payment of their bills in shares. They had been accordingly allotted these shares, which now stood in their respective names in our books. When the crash came upon us, not only were these shares, like all the rest in the concern, utterly valueless, but the tradesmen that had taken them in payment had actually to contribute their quota towards making good the deficiencies of the bank; or, in other words, they not only were not paid for what they had provided for the bank, but had positively to pay money for having given the bank credit. The parties thus let in were by no means in a good temper at what had happened to them. For a tradesman to make a bad debt and lose his money is bad enough; but when to this injury is added the insult of having to pay money out of pocket in addition, it is not to be wondered at if those who were thus hurt felt keenly the annoyance. In fact, it was these tradesmen who had thought they had taken the best care of themselves that were the most injured. For some of these parties, in order to make more money out of the concern, had only accepted the payment being made in shares on condition of a long price being given for what they had supplied. These long prices, of course, were paid for in so many additional shares, and the greater number of shares any persons had

standing in their names, they had all the more to pay. At first the tradesmen attempted to resist this, but they were very soon shown by the law courts that, no matter how or for what they had received the shares, they were obliged to pay up their proportion upon each such share. Nor could the question have been decided otherwise. Although they had received these shares in payment of goods, they stood in our books as bonâ fide shareholders, and as such were obliged to pay up ten pounds per share, like the rest.

To such of the directors as had not run away, or were not playing at hide and seek with their creditors, the case was a very hard one. It is true that each of them had been "qualified" for the board by receiving a number of shares gratis, but they had now each to pay ten pounds on every share, for which they had not received any benefit whatever. And what was still more annoying to these gentlemen, as well as to every officer or clerk connected with the concern, our bank had got so very bad a name in the City—nay, even worse than that, it had been so much laughed at —that any person connected with it found, if a director, the greatest possible difficulty in getting connected with any other public company, and if an employé, an impossibility of obtaining any situation in another office.

There were, however, certain laughable circumstances which came to light with our winding-up. Amongst the original promoters of the bank was a gentleman of whom I had made no mention in the chapter which treats of its foundation. This individual had in the first instance been promised three hundred shares, with ten pounds nominally paid up on each, if he performed certain services for the concern. What he had undertaken to do he did, and did well, claiming as his payment the three hundred shares, which, being worth three thousand pounds if sold at par, were wages worth working for. His co-promoters, however, tried their best to cheat him of what he had earned, and upon one pretext and another kept him out of the shares for a very long time. To obtain possession of them he moved heaven and earth, even going to no little expense in obtaining counsel's opinion respecting his claim, and in taking certain preliminary steps in the courts of law towards obtaining what was his undoubted right. At last—not a fortnight before the crash came—he frightened the other promoters into giving him his shares, which were duly transferred and registered in his name. He had hardly had time to get the scrip fairly in his possession, when the order to wind-up the bank was obtained, and his shares were not only utterly

unsaleable, but he was called upon to pay up three thousand pounds upon them. Such are the glorious uncertainties of company promoting. This gentleman was by no means a rich man, and he had calculated on selling these three hundred shares at a premium, and thus having a capital to commence business upon of better than three thousand pounds. Instead of this, he found himself three thousand pounds worse off than nothing. As a matter of course, he—like many other of our shareholders—had to go through the Bankruptcy Court in order to avoid legal proceedings being taken against him, and he thus cleared himself of his liabilities, but did not make much by the magnificent fee which he had earned by serving the promoters of the "Grand Financial."

Another gentleman, a captain in the army, was one of our shareholders, and as such was asked to pay up on the twenty shares which stood in his name on our books. To the first, second, or third application he made no reply, and at last the official liquidator wrote to the army agents of his regiment, to have his pay attached for the money due upon his shares. The agents wrote back, that the gentleman, having lately sold out of the service, they had no power over his money, as he was no longer in the

army, but sent an address where they believed a letter would reach him. To this address the official liquidator wrote, requesting payment of two hundred pounds, being ten pounds per share upon the twenty shares he held. In about a week the answer came back from Germany—a large official-looking, unpaid, heavy letter, for which some eight or nine shillings had to be paid at the bank. The contents were simply the parchment scrip certificates of the shares this gentleman held, with a laconic note, in which the writer begged that the bank would accept the shares as a present from him, and as a slight testimony of his esteem and regard for the establishment. "Sells" like this, although they formed the subject of many jokes amongst the employés, did not tend to put the official liquidator into good humour, and the life he led us for some time was what the Americans call "quite a caution."

I have mentioned that when the order for winding-up came, we had not many current accounts or deposits in the bank, but we had a few —some two or three dozen—and although none of the credit balances were large, they nearly all belonged to persons to whom the loss of even a few pounds was a very serious matter. One of these was a French tradesman, who, in an evil

hour, had thought fit to open an account with forty pounds at our bank. The poor man evidently believed his respectability the greater by his being able to pay people to whom he owed money with cheques instead of in hard cash. As I afterwards learnt, his drafts were all small, and he generally paid in on the Monday or Tuesday about as much as he had drawn out on the Saturday, so that his balance remained nearly the same. After the order to wind-up came from the court, of course nothing could be paid out of the bank, and amongst the first cheques sent away from the counter was one for ten pounds from this unfortunate foreigner. It had been presented through another bank, and consequently was not returned to the drawer for a couple of days. In due time he heard of it, and came at once to our offices to know why his cheque had not been honoured. It was, a long time before we could make him understand the truth, but when he did so, he was frantic. He cursed us all as a set of swindlers, denounced England, all Englishmen, and more particularly all English banks and bankers, as des sacrrrrés voleurs, and made comparisons by no means flattering to us between our establishment and that of a bank in Paris, apparently well known to himself. At last he subsided, and for nearly an

hour kept entreating us, for the love of le bon Dieu, to have pity upon him, upon his wife, upon his numerous small children, and upon his aged mother, and to pay him back his thousand francs —his forty pounds. After this he used to come every day and wait for two or three hours to see the manager, the directors, the liquidator—anybody. This went on for more than a fortnight, during which it was pitiable to see the hopeless despair to which—as it seemed to us—he was reduced. We afterwards found out that, although he put on an air of utter poverty, this individual was really well to do in the world, being worth at least a thousand pounds, which he had made at his trade of bootmaker during the last two years, so that, although he was no doubt to be pitied, he was by no means so badly off as many of those who had burnt their fingers by touching the shares of our bank.

He was, however, more to be pitied than a countrywoman of his, who for a long time kept us in perpetual terror by her daily visits. Some weeks before our bank had stopped, this lady—a fashionable West-end milliner—had received from a customer a cheque for ten pounds upon the "Grand Financial." Had she presented the cheque without delay, or had she at once paid it

into her own bankers, the draft would have been honoured. As it was, she kept it by her for a month or more, and then, just after the order to wind-up the concern had been obtained, she presented it for payment, when it was of course returned. In the mean time it would appear that her customer had left England, and could not be traced by her, so that she was "let in" for her ten pounds. Her rage was something wonderful to see. In vain we tried to explain to her that the person who had given her the cheque had kept an account at the bank, and that it was not the fault of that person—who, indeed, had lost a balance of sixty or seventy pounds by the bank being wound up—but her own, that the cheque was dishonoured. But she either would, or could, understand nothing. Day after day she came and demanded the money from us, ending each violent harangue by asking whether we thought she came to the City for change of air, and entering into details about an expected increase to her family, which, however interesting to herself, was in no way so to us. I never saw, and hope never to see again, so violent a female. With what expectation she came again and again to the office, I never could learn, for she must have spent two or three pounds in cab hire. But, after a time she, too, got tired, and left off tor-

menting us, much to the comfort of those who had to receive her daily visits.

In connection with the winding-up of our bank, there was one thing pretty certain, that the shareholders lost very considerably by the transaction. Nor is it possible that it should ever be otherwise. The enormous expenses attending a winding-up order very soon eat up anything that is left of a company's property, and the shareholders have in nine cases out of ten to pay for the pleasant legal game which the solicitors and accountants carry on with so much profit to themselves, but with so little satisfaction to others. And yet, to avoid winding-up in Chancery is often impossible when a company once gets into difficulties, although the measure is most suicidal to the interests of all save the official liquidator and the various legal gentlemen employed in picking the flesh off the dead carcase. But there are in these windings-up wheels within wheels, which would take up a vast amount of space to explain. I have known a shareholder receive actual payment in hard cash from a solicitor, in order that the latter may present in the name of the former a petition for the winding-up of a company. If it does not succeed, the loss is small; if it does, the profit is immense. The solicitor is pretty certain to

manage matters so that some friend of his shall be appointed official liquidator, who in his turn appoints the attorney to be solicitor for the winding-up. But, stranger still, I have positively known companies got up, board of directors formed, bankers, solicitors, auditors, secretary, manager, and what not appointed, with the sole view of an ultimate, and not very far off, winding-up in Chancery, when all who were interested in the affair would get their share of the plunder, and the unfortunate shareholders be—to use an Americanism—"left out in the cold." We often hear people talk of "turf robberies," but has not the noble art of plundering been practised of late years east as well as west of Temple Bar?

In due time the winding-up of our bank came to an end; but not before the oyster had been eaten by the lawyers, and nothing but the shells left for the shareholders. That many of the latter were much to be pitied there can be no doubt; but at the same time it was their collective folly as a body that deprived them of what little was left of their property. The offices which had looked so trim and neat when the bank first started a few months before, we let to other parties; the brass plate at our door was taken down; in the Post-office Directory for the new

year the bank had not a place, and save in the recollection of those who lost money by the affair, the "Grand Financial and Credit Bank of Europe, Asia, Africa, America, and Australia, Limited," ceased to exist even in name.

CHAPTER VI.

WANTED TO BORROW, ONE HUNDRED POUNDS.

Has it ever been your fate, reader, to be in want of money? I don't ask whether you have—for all men have, and women, too, for that matter—felt a temporary pressure caused by an empty purse, or a much too small balance with your banker. But have you ever known what it is to feel that, unless you can by a certain—and not far off—day find a sum of money which to your means bears about the same proportion that half a million sterling would to a City magnate of the second class, you would come to grievous trouble? To illustrate what I mean, I will tell my own tale of what recently befell me in matters monetary.

I had backed a bill of one hundred pounds for a friend. Of course the said friend promised most faithfully that I should never hear of the document again; it was "a mere matter of form." Equally as a matter of course, when the bill fell due, my friend could not pay it, and, to avoid proceedings being taken against him,

"kept out of the way;" in other words, he betook himself to the Continent. Unfortunately for me, my occupations prevented me leaving London, and so within twenty-four hours after the bill was dishonoured, I received a lawyer's letter requesting me to pay the amount *at once*—the word used was "forthwith"—with interest, and further to remit the writer six-and-eightpence for the letter he had there and then written to me. I was further informed, that if I failed to comply with any one of these demands, "immediate steps would be taken to compel payment, without further notice."

At the time I received this pleasant epi[illegible] I had at my bankers the modest sum of forty-four pounds seven shillings and sixpence, and in a few days more my month's salary of twenty-five pounds would be payable. On the other hand, it was close upon Christmas. The butcher, baker, grocer, children's school bills, rent, rates, and taxes—to say nothing of my own tailor, my wife's milliner, and the bill for "the girls' clothes"—had all to be paid. If I managed to make tongue and buckle meet for the past quarter it would be as much as I could do, and now I had the additional burthen of this one hundred pounds thrown upon me. I sat for some time contemplating the letter I had received, wondering by what process

a man could be "compelled" to pay money when he had not the wherewith to pay it, and thinking whether it would not be a good thing to learn the secret, in order that I might sometimes apply it to myself.

At last I resolved to be up and doing. I went to call upon the solicitor that had written me the letter, and was by him referred to the holder of the bill. I called upon the latter, and was referred back to the solicitor. To this gentleman I exposed the exact state of my finances, and showed him how that, unless I was given time, it would be utterly impossible for me to meet the bill. When convinced of this, the attorney promised to see his client, and to let me know what could be done. A day or two after, I received a letter from him, stating that if I could get another householder besides myself to join me in a fresh bill for one hundred pounds at two months, pay ten pounds down, and insure my life for one hundred and fifty pounds, the holder of the bill would not press me for immediate payment.

These terms I declined, but offered to pay ten pounds down, in order that I might have time to look about me, and see whether I could not raise the money. This was agreed to, but I, unfortunately, did not ask for the agreement to be in

writing. I paid the ten pounds, on a verbal understanding that proceedings were to be stayed for the present, and the next day was served with a writ.

Now a writ upon a bill of exchange is a thing not to be trifled with. You cannot, to use a legal term, "enter an appearance" when sued upon such a document. As the solicitor to whom I applied for advice informed me, once a writ is served upon any one for a bill of exchange, he must either pay the money within twelve days from the time of such service, make up his mind to have an execution put in his house, or, should he have no property that can be seized, be arrested. I had, therefore, exactly twelve days left me in which to find one hundred pounds, or else make up my mind to be lodged in Whitecross Street, unless I preferred an execution being put in my house, and perhaps three hundred pounds' worth of furniture being taken to pay a debt of one hundred pounds.

Here, then, commenced my troubles—not that I thought at first there would be any difficulty in the matter. For did I not, in common with all the hundreds of thousands who read the "Times," "Post," "Daily Telegraph," and other papers, see announced every morning, in some half-dozen advertisements that money can be had almost for the asking? I took the first

of these advertisements that came to hand, and learnt "THAT MERCHANTS, TRADESMEN, AND GENTLEMEN, IN POSITIVE EMPLOYMENT, CAN HAVE CASH ADVANCED UPON THEIR PROMISSORY NOTE ALONE, WITHOUT SURETIES, BILLS OF SALE, OR SECURITY OF ANY DESCRIPTION. ALL INQUIRIES AND REFERENCES ENTIRELY DISPENSED WITH, AND THE GREATEST CONFIDENCE OBSERVED. NO CHARGE WHATEVER UNTIL THE MONEY BE ADVANCED. APPLY PERSONALLY, ETC., ETC."

Here, thought I, is the very thing for me. I believe I am "a gentleman," I know that I am "in positive employment," and so it will follow, as a matter of course, that I can have "cash advanced upon my promissory note alone." But I was doomed to be soon undeceived.

I proceeded to the place named, which was at the office of a Loan Society in the City. Upon entering, I was shown in to the secretary, who in his manner was politeness itself, and at once proceeded to business.

"What sum did I require?" "Was I a householder?" "Was my furniture my own?" "Was it paid for?" "What did I require the money for?" "Had I any other debts, and of what amount?" "What was the amount of my income?" "From what source was it paid?" "Had I any property independent of my salary?"

All these questions were asked me, and my replies written down there and then. Having done this, the polite secretary informed me that a "gentleman from their office would wait upon me next morning at my house, and that if his report was favourable, I could have a cheque for the money on the following day, if I would call about noon." Our interview was all over in ten minutes or less, and I was politely bowed out of the office.

Early on the following morning, at my own house, a gentleman was announced as wishing to see me. He introduced himself as Mr. So-and-so, sent by the Secretary of the Loan Society. Like the chief of his office, no one could be more gentlemanlike in his manners, or more prompt in his way of doing business, than was this young man. As regards the furniture, he merely glanced at what he saw in the drawing-room, but did not ask to be shown any other apartment in the house. He requested me to show him my agreement with my landlord, and my receipts for rent, taxes, and rates, of all of which he made notes, and took his leave, begging me to call at the office the next day about noon, when I believed that I would "find no difficulty" in obtaining the loan I required, ' He was not more than a quarter of an hour in the house altogether.

Accordingly at twelve o'clock on the following day I presented myself at the Loan Office, and was at once shown in to the very civil secretary, who on this occasion was more polite than ever, and, according to his excellent habit, at once proceeded to business.

"We have no objection, Mr. Jones," said he, "to advance you the money you require, but our terms are high, for we do a very risky business. Moreover, in addition to your own note of hand, we shall require a Bill of Sale over your furniture. If you agree to our terms, all the necessary papers can be signed and witnessed here at once, and you can have a cheque for the money in ten minutes' time."

To a man with a writ hanging over him, the prospect of a cheque "in ten minutes' time" was both pleasant and tempting, but being born north of the Tweed, I desired to look more closely into the business before I committed myself further. Moreover, I objected to the Bill of Sale upon my furniture for two reasons. In the first place, although partially, the furniture was not wholly paid for. In the next place, I knew that all Bills of Sale must be registered, and that most registrations, being published weekly in certain mercantile journals, tend very greatly to damage the character of those on

whose property, or goods, the Bills of Sale are made. To this the very civil secretary replied that as, although not entirely paid for, the furniture was to all intents and purposes my own, there would be nothing dishonest or dishonourable in giving a Bill of Sale upon it. I could not quite see the logic of this argument, but did not make any reply for the present. As for the registration of the Bill of Sale, he assured me that nothing of the kind was intended. The Bill of Sale would be kept by the Loan Society, and only registered in the event of my failing to make the payments I had entered into at the required time. Being so far satisfied, although by no means altogether so, I then looked closer into the other terms propounded to me for the proposed loan.

I was to give four notes of hand of twenty-five pounds each, payable at one, two, three, and four months respectively, in addition to the Bill of Sale. Should I fail in any one of my payments, the Loan Society would have full power to sweep down upon my house, and take everything out of it. For these four notes of hand I was to receive a cheque for eighty-four pounds —sixteen pounds being deducted for interest and expenses. I was thus to pay at the rate of forty-eight per cent. per annum for the loan of

one hundred pounds; but, as after one month I was to pay back twenty-five pounds, I should then be paying interest at the rate of forty-eight pounds for seventy-five; and as after two months—supposing my instalments to be duly paid—I would have reduced my debt to fifty pounds, I should then be paying at the rate of forty-eight pounds per annum for fifty pounds—or within a fraction of a hundred per cent.—while for the last month I should be paying interest at the rate of forty-eight pounds per annum for the loan of twenty-five pounds, or close upon two hundred per cent. With terms like these no wonder that the Loan Society could afford to do "risky business;" which, in my own case, having the further security of my furniture, I could not see was so very dangerous.

To conclude a loan on these terms appeared to me little short of madness, to say nothing of the moral dishonesty of giving a Bill of Sale upon what I had not paid for. I must, however, do the secretary the justice to say that he did not press me too close with his terms. He was polite to the last, even when he could plainly see that I did not intend going through with the business. We had a long conversation upon loans and loan societies. He told me that the losses of the office were rather over than under one hundred

pounds a week, but notwithstanding this, the net profits upon their paid-up capital was more than seventy-five per cent. per annum. The names of the directors as well as of the shareholders, he said, were known only to themselves, but even the latter did not exceed a dozen in number. The loans they made generally exceeded two thousand pounds a week. They never asked for references, and kept everything perfectly private respecting loans made to individuals. They never discounted bills, nor would they lend upon the personal security of other parties. Their business was, he repeated, very risky, but it was certainly profitable. We parted excellent friends. I merely saying that I would think over the proposition, and give him an answer in a day or two. Of course I never intended to move further in the affair, and he plainly saw that such was my determination. But I had nothing to complain of. If the terms asked for the loan were high, the lenders had a perfect right to make their own conditions. They had not asked me for a shilling in the way of "inquiry fees," or office expenses, and, had I chosen to give the interest they asked, I believe that the money would have been promptly paid.

Failing to obtain the money I wanted in the East, I tried the West-end of London. This

time I applied to a gentleman who advertised as being willing to "ADVANCE MONEY IN TOWN OR COUNTRY AT FIVE PER CENT., UPON PERSONAL OR OTHER SECURITY, FROM ONE HUNDRED TO ONE THOUSAND POUNDS." His office was in a street off the Strand, and on calling there I was requested to wait a short time, as Mr. Watson was particularly engaged. Beggars must not be choosers, nor must borrowers be fastidious. I therefore said I should be happy to wait in the outer office, and was offered the advertisement sheet of the "Times," with which to amuse myself until the great man was ready to see me.

I had had plenty of time to read all the births, marriages, and deaths announced in the leading journal—to speculate upon all the mysterious advertisements in the second column, in which E. A. M. is entreated to write to his afflicted wife, and J. S. G. is requested to return home to his disconsolate family—and to wonder who were the extra-honest persons that sent halves of five-pound notes to Mr. Gladstone in payment of over-due income-tax—long before it was intimated to me that Mr. Watson could see me. At last I was shown into his sanctum, and was received by an elderly gentleman, with a remarkably unpleasant expression of countenance, and whose large white whiskers formed a curious contrast to his

fawn-coloured wig. After a few preliminary remarks, I mentioned my proposed loan, upon which the old gentleman seemed quite surprised, as if it could ever enter into the mind of any man to visit him for the purpose of getting money. He hummed and hawed, said money was very difficult indeed to be had just at present, and ended by asking me what amount I required, and what security I proposed to offer.

I replied that, seeing by his advertisement he advanced money at five per cent., I had called upon him. That I wanted a hundred pounds, repayable by monthly instalments of five pounds. That I would deposit in his hands shares in a certain company representing two hundred pounds when taken at par, but which were likely soon to be at a premium, and that I would, moreover, give him the security of a friend, who guaranteed that, in the event of any instalment not being paid, he would pay the amount.

Mr. Watson made a note of all I said, and informed me that, before he could take any steps whatever in the matter, I must pay an inquiry fee of two guineas, which would not be returned in the event of my loan not being carried out. This I agreed to, and at once paid the money, being told to call again in three days, when a reply would be given me.

I did call again in three days, and was told that Mr. Watson was out, and would not be back for some hours. I called twenty-four hours later, and found he was most particularly engaged. I wrote a somewhat indignant letter, and received no reply. I wrote a second time, and met with the same result. I called once more, and after waiting a considerable time—on this occasion the amusement provided for me was the advertisement sheet of the "Daily Telegraph"—was shown into the money-lender's private office only to be received by him standing, and to be told that my proposition for a loan could not be entertained. I believe the man, like many others of his fraternity in London, never lent money, nor indeed had any to lend, but that he lived upon the inquiry-fees which were paid by persons who, like myself, attempted to borrow money from him.

My time was running short. Between the loan-office and Mr. Watson seven days had been lost, and in five days more—one of them being Sunday, on which nothing could be done—the writ would be run out, and I should be liable to be arrested without warning of any kind. In my despair I applied to a solicitor, who advised me to get the amount upon a three months' bill, which was to be backed by a friend of his for a

consideration of ten pounds. To this I agreed, intending, during the three months which I should thus gain, to obtain money from another source. The bill was drawn by me, and accepted by a gentleman to whom I paid a bonus of ten pounds, and who, at the same rate of commission, would have accepted a bill of any amount I liked to name. This time, however, I took the precaution of bargaining that the ten pounds was not to be paid save in the event of the bill being discounted, for my friend the solicitor only found me an acceptor for my bill; he did not undertake to provide me with a party who would "melt" it. However, he gave me a letter of introduction to a bill-discounter in the City, who, although high in his terms, was safe to "do" the bill for me.

"High in his terms!" I should rather think he was. To find this gentleman's office was as difficult as to obtain reliable information out of Bradshaw. It took me the best part of an hour to hunt behind the Mansion House for the court in which, up four pairs of stairs, with one small boy for a clerk, and a few broken chairs as furniture, he transacted his business. To do this money-lender justice, he was very prompt in his dealings. He at once said he would take the bill—which was drawn at three months, for one

hundred and thirty pounds, in order to cover contingencies. For this bill he offered me a cheque for eighty pounds, thus charging me interest at the rate of something like one hundred and eighty per cent. per annum.

To accept terms like these would have been utter madness; therefore, almost despairing as to what to do next, I betook myself away, taking with me the bill of exchange, which was now of no use.

An advertisement of "THE MUTUAL, GENERAL, UNIVERSAL, BENEVOLENT, AND PRUDENT LIFE AND LOAN INSURANCE SOCIETY," attracted my attention about this time. I had but few days left in which to obtain the money I required, but, by paying another ten pound note to the holder of the bill upon which I was being sued, I obtained an undertaking that judgment would not be signed against me, nor would any further proceedings be taken for another week, thus paying at the rate of more than a pound a-day to stave off annoyance for the present. Having managed this, I called at the "MUTUAL, GENERAL, UNIVERSAL, BENEVOLENT, AND PRUDENT LIFE AND LOAN INSURANCE OFFICE," and asked upon what terms I could borrow a hundred pounds. I was informed that I should in the first place have to insure my life for three hundred pounds; that I must give a bond signed by three house-

holders of solvent means for the due repayment of the loan; and that, should any one of the instalments which I engaged to pay not be forthcoming at the time appointed, my sureties would be at once called upon to pay up the whole loan. In the meantime I was given four printed forms, one of which I was to fill up, and one of each of which had to be filled up by the gentlemen who consented to be my sureties. But I was told that, before any steps whatever could be taken in the matter, I must pay down a sum of two guineas as an inquiry fee, which amount, the clerk told me, "would on no account be returned should the loan not be carried through." I paid the money, not without misgivings as to my ever deriving any benefit from so doing, and betook myself to getting three friends who would act as my sureties in the bond I had to give.

After four or five days of incessant toil, worry, and trouble, I managed to obtain the consent of three friends to join me in the bond. One of these was a clerk in a government office, he was a householder, and had an income of about three hundred pounds per annum. The second, also a housekeeper, was managing man in a large merchant's office in the city, his salary was two hundred pounds a year, besides which he had a little private property of his own. The third was a

retired Indian civilian, whose pension and income together amounted to upwards of two thousand pounds a year.

Believing myself now quite sure of obtaining the loan I wanted, I returned to the office of "THE MUTUAL, GENERAL, ETC.," and gave in the names of the parties who had agreed to become my sureties. I was then told to call again the next day, when the medical officer of the company would meet me, and, after due examination, would report as to whether my health was such as to warrant my life being insured for three hundred pounds, treble the amount of the loan I had asked for.

At the hour appointed I was at the office—taking care to bring with me the one guinea, "*not one pound,*" as the clerk said, when he told me, required as a medical fee before I could be examined by the doctor. It so happened that I had always considered myself, and I was considered by others, to be an exceedingly healthy man. I was yet but in the prime of life, and had really never known what serious sickness was since I could remember. I therefore thought that this medical examination would be more a matter of form than anything else. Not so the doctor. He seemed determined to earn his fee conscientiously. Had I been endeavouring to enlist in her Majesty's

Life Guards, he could not have taken more trouble to find out whether there was not something amiss with me. Not succeeding in discovering in my present state of health, anything that he could object to, he made me go back into a complete history of my past sanitary life, putting to me leading questions much the same as a French procureur-général does to a prisoner, when he is doing his utmost to make him out as criminal as possible. At last he fairly ran me to ground by an acknowledgment on my part that ten years previously, when in India, I had been confined to bed for a week with what I believed one of the doctors who then attended me had called rheumatism. This discovery appeared to make the medical adviser of the "MUTUAL, GENERAL, BENEVOLENT, AND PRUDENT". quite happy. Of this rheumatic admission on my part, he never lost sight throughout our interview. He talked about my spleen, asked questions about my liver, remarked that men with florid complexions had often a tendency to apoplexy, and that people who had resided long in India often died suddenly when they came back to England. But he never entirely abandoned the rheumatism, every now and again returning to the subject, and making little pencil notes all the time on the margin of the printed form he had before him.

Happy at last to be done with this medical tormentor, I rushed from the office, and went to see whether my sureties had been written to respecting the proposed loan. I found one of them, my Indian friend, looking over the printed paper which he had received from the "MUTUAL GENERAL" office. These papers contained a series of questions which each surety had to answer, and which, taken together, formed a complete private history of the individual who replied to them. "I would almost lend you the money myself," said my friend, "rather than answer all these impertinent queries." However, as he had promised to "see me through it," he kept his word, and in due time the papers of my three friends were returned properly signed and attested to the Loan and Insurance Office.

Five days later I received a formal answer to my application. It was to the effect that the insurance upon my life could be effected, but that, owing to previous sickness—the rheumatism, I presume, had been made the most of—I must be charged a higher rate of premium than what was marked in the tariff of the "MUTUAL AND GENERAL" for men of my age. Further, that the loan I proposed would be carried out, provided I obtained another surety in the place of Mr. Blank—one of the gentlemen

whose name I had given in as agreeing to sign the bond with me—who could not be accepted by the office, because he was already surety for another loan in another insurance office.

Here, then, was all my labour and anxiety thrown away. I had tried hard to get three friends to be joint sureties for me, and had, after a vast deal of trouble, succeeded. I had paid two guineas inquiry fees, and one guinea medical fee, at the "MUTUAL GENERAL" (besides ten pounds to stave off further proceedings in the matter of the bill on which I was sued). Of this week but one day was left me, and I was as far as ever from obtaining what I wanted. In utter despair I went—as a last and desperate resource—to a loan office of the commonest description. I paid half a sovereign that was asked of me as an inquiry fee, and which was received by the seedy clerk, to whom I gave the money, with a grin of satisfaction, as if at the prospect of his next Saturday night's wages being higher than usual. I never expected to obtain a loan from this office, and therefore can hardly say that I was disappointed when informed that the directors were "not prepared to entertain my proposition." If they had said that the office had no money to lend, it would have been nearer the truth, for I verily believe that this establish-

ment lived entirely upon the inquiry fees, and that directors, trustees, shareholders, manager, secretary, actuary, accountant, auditor, and cashier, were one and all represented by the seedy clerk who had been so pleased to receive my ten shillings inquiry fee.

Men in trouble often do last what they ought to have done first, and this was my case. To borrow the money with which to pay off the debt I found utterly impossible, except upon terms which would be but adding greatly to my embarrassments at a not very remote period. In backing my friend's bill I had acted foolishly, imprudently, and even wickedly; for no one has any right to promise what he cannot fulfil. There was but one remedy left me, if I wished to save being locked up in Whitecross Street prison, and that was to take out my protection as a bankrupt. I did so, and went through the court, greatly regretting the money and time I had wasted in endeavouring to procure a loan, and firmly resolving never again, on any consideration whatever, to write my name upon stamped paper.

CHAPTER VII.

BILL DISCOUNTING.

How, when, and where I became acquainted with Cecil Jackson, it is of no use to say. It is enough that I did happen to know him, and that we were once thrown very much together for a few days on the Continent. In the course of conversation he one day related to me the following account of himself, and the business in which he was—and is now, for I often meet him about the West End of London—engaged.

You ask me what is my profession, or calling, —what are my means of living? I am "tout" to a number of money-lenders—to any one of that trade who will employ me; all of them being glad for me to bring fish to their respective nets. Was I always in this line of business? Certainly not. I began life in the army. When twenty-five years of age, I was a captain of heavy dragoons, with an income of a thousand a year, derived from my patrimony of twenty thousand pounds, securely invested at five per

cent. I was a gentleman then, not merely in profession, but in thought, word, and deed—of what I am now, the less we say the better. How did I fall from the past to the present? If a man has certain pursuits, it does not take long to run through twenty thousand pounds. *I* managed to do it in less than five years, leaving behind me a track of debts amounting to ten thousand pounds additional. At thirty years of age I was an outlawed insolvent. But what I had lost in money I had gained in experience, and resolved to turn my knowledge to account. A relative left me five hundred pounds to set me up as a wine-merchant, but in six months I failed for three thousand. Another friend procured me a situation in an insurance-office, but I could not keep the place. When a man has a taste for extravagant life—when for five years he has kept his four or five hunters in "the shires," his shooting-box in the Highlands, and his yacht at Cowes, to say nothing of his personal expenses in London, his trips to Baden, Homburg, and other parts where the main is cried, and the talk is of red and black—it is more than difficult to sober down and become a useful member of society. At any rate, *I* found it impossible, and therefore, in order to earn my daily bread, I accepted the offer of a well-known West-end

money-lender, to look out for victims for him, and to be paid a commission of five per cent. upon every transaction which he does by means of my introduction.

You say that people would never suspect me of following this calling; of course they would not. If it were known that I derived any profit from bill or other monetary transactions, I should be avoided at once. I dress well—no man better—I have always remained a member of a military club, and it is generally supposed by the numerous men about town who know me that I have property of my own, and live rather a fast life in London; or that I "make a book" on the chief races, or dabble in shares and stocks. Only yesterday I heard a young Guardsman ask a friend—a very old hand about town—"What *is* Captain Blank? How does he gain his living?" The reply was, "Don't know; sold out of Heavies years ago; seems always to have coin; meet him everywhere; capital fellow; up to anything." And such would be the opinion of nine men out of ten about the clubs, if asked who or what I am.

What do I make by my profession? Never less than ten guineas a week, and sometimes as much as thirty or forty. It all depends upon the season, and luck. The most profitable times of

the year are from Easter to the end of the London season, which is the time when men about town are most in want of money; and again about the end of the year, when means must be had to meet, at any rate, in part, tradesmen's bills. Trade expenses I have little or none, beyond a standing advertisement in two or three of the weekly papers, in which I inform "NOBLEMEN, GENTLEMEN OF PROPERTY, AND OFFICERS UPON FULL PAY, THAT THEY CAN BE ACCOMMODATED WITH MONEY UPON THEIR OWN NOTES OF HAND AT THE SHORTEST NOTICE," by applying by letter to Mr. Smith, at such a number in such a street.

Of course I don't give my own name. At the place named I have an office, a single room, which I pay only twelve shillings a week for the use of, and a desk; a boy at five shillings a week, whose only duties are to appear busy when any one calls, and to reply to all inquiries that Mr. Smith, my office name, "is out," and that "it is impossible to say when he will be back."

I have two ways of doing business, the one by means of advertisements, the other by private information. By the former mode, I wait until the fish has nibbled at the bait, and then I land him at my leisure. By the latter, I profess merely to act as the pleasant, gay fellow, glad to

help a friend out of a scrape in money matters: I will illustrate my meaning.

The advertisements I put into the papers serve chiefly to attract gentlemen, who, although in want of "accommodation," are not so very much pressed for time as to make a day or two, more or less, an object of vital importance in their getting the money. Such persons, in nine cases out of ten, answer my advertisement by letter, and state what money they want, and upon what security. The latter is almost always a bill, and the applicant is invariably a young man—a clerk in the Foreign Office, an officer in the army, or some one who has what money-lenders call "an available position." To such letters I send a prompt reply, stating that the applicant shall have a definite answer in the course of the day. The actual means of such persons are either known, or can be easily ascertained in the course of a few hours; in many cases I have no inquiries to make, for I already know all about them. I at once proceed to one of my principals, one of the money-lenders, and show him the application. If he be willing to "do" the bill, well and good; if not, I go to another party of the same calling. When I find my chief ready, I write at once to the applicant, from my office, not in my own name, and tell him that if he will call at such an

hour the following day upon Mr. So-and-so—the money-lender—he shall have what he requires. He does so, and for his note of hand at three months for a hundred pounds receives probably seventy pounds, being interest at the rate of one hundred and twenty per cent. per annum. If he demurs at this, the money-lender informs him that he will "do" the bill for ten or fifteen pounds less, provided he, the borrower, will get another name to the document, knowing well that the said applicant would pay any interest that could be named rather than divulge his want of money, or put himself under obligation to a friend. In ninety-nine instances out of a hundred the business ends by the borrower taking the money and giving his bill. In such instances the lender relies chiefly upon the "available position" of the borrower, who must pay ultimately, though he may, perhaps, be a little long in doing so. What matters delay when interest upon interest at the rate of a hundred and twenty per cent. per annum is paid? Thus, if the note of hand for a hundred pounds be not paid at maturity, the debtor probably will have to pay thirty pounds down by way of interest for renewing the document for three months: the original debt remaining at a hundred pounds. The schoolboy's sum of the nails in the horseshoe is

as nothing, in rolling up figures, as are these simple methods of increasing their wealth resorted to by the West-end London money-lenders. Compound interest at the rate of one hundred and twenty per cent.; and the amount turned over every three months, is an interest not dreamed of in the wildest schemes of the financial companies.

When my principal has "done" the bill, I call and receive my commission of five per cent.; and when the same is renewed, I receive a commission of two and a half per cent. upon the amount renewed. For this commission I am supposed to make "no mistake" about the party or parties I introduce. If I do—if I represent an individual as being "all right," and he turns out to be "all wrong," my reputation with the money-lender suffers, and it is probable that I may do no more bills or business with the individual who has been "let in for it" by my inadvertence. At first I used to make these mistakes, but I seldom do so now.

I must not boast, however. Not six months ago I was the innocent victim of a trap, which has seldom been equalled for cleverness. In reply to one of my usual weekly advertisements, I received a letter dated from Cheltenham, stating that the writer was an Indian civil servant at home

on leave, that his income and allowances amounted to about a thousand a year, but that he had been extravagant since his return to England, and was in want of ready money until his next quarter's salary became due. He wanted an advance of five hundred pounds, upon a bill drawn by himself and accepted by an Indian military friend, who had retired from the service and taken up his residence in England. The writer ended a short business-like letter by giving me, as reference for himself, a first-rate East India house in the City, and as reference for his friend, an equally respectable army agent in the West-end.

I called at both these references, and found that Mr. So-and-so and Colonel Blank were both well known and highly respectable gentlemen, and both men of means. Determined to be cautious, and feeling certain that neither of these gentlemen were likely to meet me in the set I moved in, I wrote offering them a personal interview for a certain day. They both came to my office, and appeared to be gentlemanly men, of decidedly Anglo-Indian appearance. After some conversation, in which the intended borrower bargained very hard for a lower rate of interest than I had proposed, and at the same time said a week or two more or less did not signify for the money being paid, I got the one to draw and the other

to accept, a bill for six hundred pounds at three months, for which one hundred pounds was to be deducted by way of interest. This was done, and taking the draft to one of the chief West-end money-lenders, I got the money for it, and paid it over to the borrower. In course of time the bill became due, and not being paid, an attorney's letter was written to each party requesting an immediate remittance. To my dismay, replies were received from both drawer and acceptor denying any knowledge whatever of the bill. I then wrote requesting them to give me an interview, which they did, but two strangers presented themselves. To make a long story short, I found, after a vast deal of inquiry, that we had been victimized by two clever sharpers, who had, by some means or other, obtained a knowledge of these two gentlemen's references, and of other particulars respecting them. My fault had been, that I had never identified one or other of the parties whom I had seen. The commercial firm and the army agents that had answered for these gentlemen's respectability had done so in perfect good faith, believing that I had satisfied myself as to their being the persons they represented themselves to be. The trick was cleverly carried out; for, during the interview I had with the swindlers before they got the money, one of them,

as if by chance, pulled out of his breast-pocket a number of old letters, on one of which he commenced to make some calculations with a pencil. These letters were addressed to the person whose name their owner had assumed. The calling cards of both impostors also bore the names of the gentlemen whom they pretended to be. But clever or otherwise, nothing was ever seen or heard again of these men, and their swindle cost the money-lender five hundred pounds, whilst it cut me out from ever doing business again with him.

It is not, however, that I often do business on any large scale by means of advertisement. The line that I excel most in, is giving information and advice as to where bills may be discounted or loans obtained. Thus of an evening, in the smoking-room of the club, some individual who has been hard hit at the Derby, or is otherwise in want of money, will say to me, "Come, Blank, you know everybody in London, tell me, like a good fellow, how to get a couple of hundred pounds." I—of course professing to be open and candid—reply that I don't often do much myself in that line, but that when I do want anything of the kind, I go to an old rascal of such a name, living in a certain street, and that if the inquirer likes I will

introduce him to the villain next day. In the meantime I take care to inform myself well who and what the men are who propose to draw and accept the bill. This done, I despatch a private and confidential note to my principal, telling him that I shall call at such an hour to introduce a certain party to him who wants to borrow fifty, a hundred, or more pounds from him, as the case may be. In the note I also give him information as to whether, and to what extent, the borrower may be trusted, what his position is, what his means, character, etc., and the name of the man who has accepted the bill, or otherwise has become surety; also, whether the money is wanted in a great hurry, and to what extent the victim will probably stand bleeding. I then take my friend to call upon the money-lender, who makes his own terms with the victim, and next day I return and pocket my commission of from five to ten per cent. upon the business done.

Persons who have never been mixed up in bill-discounting matters, will hardly believe the enormous rates of interest often paid for money, even by men who are really perfectly solvent, but who happen to be very much pushed for immediate accommodation. Not longer ago than last year, I remember that an officer in the

Guards—the son of a nobleman, and himself a man of some means—lost a considerable sum at Ascot. To pay the money on settling day was a matter of vital importance, without which he could never have held up his head again either in society or in his regiment. He happened at the moment to have overdrawn the balance at his banker's, and—either from a foolish shame, or some other motive—did not like to ask his father for money, or even to go to the family lawyer. The sum he wanted was two hundred and fifty pounds, and for this amount, besides insuring his life for five hundred pounds in favour of the lender, he actually gave his note of hand, payable in three months, for five hundred pounds, being at the rate of four hundred per cent. per annum interest. The conditions he made were, in the first place, that he should receive the money in twenty-four hours; secondly, that no one should know he had borrowed it; thirdly, that no other person's name should be required as security to the note of hand. His terms were complied with. I was the fortunate "tout" who introduced this gentleman to the money-lender, and I received three ten-pound notes for my morning's work.

As a general rule, however, money-lenders do not like to discount in large sums. To use their

own slang, they prefer not to have too many eggs in the same pot. They delight in a number of small bills, so that if one, two, or three turn out bad speculations, the others pay for them—the good thus paying for the bad.

A young man whom I had known for some time as often requiring monetary "accommodation," but who—as I learnt from the discounters, to whom I had introduced him—always met his bills at maturity, asked me one evening, in the smoking-room of the club, if I could put him in the way of getting "a largish bill done." I found it was for fifteen hundred pounds, drawn by himself, and accepted by a gentleman of considerable landed property—a baronet, who had formerly been in the Guards—in Scotland. I replied that I thought I could introduce him to a man who would let him have the money, and we made an appointment for next day, when I went with him to one of the discounters for whom I picked up business. To my surprise, no sooner had the money-lender examined the bill, than he agreed to "do" it, though at an exceedingly high figure—something like three hundred per cent. per annum. However, it was not for me to question the act of my principal; the less so, as it brought in grist to my mill. I received a cheque for my commission next day,

and happening to express an opinion to the effect that the bill had been very quickly discounted, the money-lender winked at me, and said, "That bill is certain to be paid, *for it is accepted by the wrong man.*" In other words, the document was —so far as the acceptor's name was concerned— a forgery, and, therefore, the gentleman who had uttered the bill—or he failing, his friends—would, to save penal consequences, be sure to pay it when due. I had the curiosity to inquire afterwards if the bill had been paid at maturity, and found that it had.

Forged bills are by no means uncommon among the West-end discounters, but the boldest attempt to take in a member of this fraternity happened about three years ago, just after the Prince of Wales returned from his trip to Palestine and the East. A gentlemanly-looking man, who spoke English with rather a foreign accent, called one day upon a certain West-end discounter, and said he had in his possession a bill for five thousand pounds, drawn by his Royal Highness the Prince, and accepted by a well-known general officer attached to the royal household. The bill, he said, was payable four months after date, at the period the prince would come of age, and was to be kept a profound secret, as it had been drawn and discounted for

a private reason known only to H.R.H. and his immediate friends. Although greedy enough for gain, the money-lender knew better than to believe this story. The bill was offered to him for fifteen hundred pounds cash, and he told the person to call the next day at noon, when the money would be ready—intending to have a detective officer ready, and to hand over the impostor to the care of the police. It is to be presumed that the foreign gentleman saw something or other in the discounter's manner which frightened him, for although he promised to come at the appointed time, he was never again seen or heard of.

And this reminds me that whereas in Paris most of the largest swindles in bills of exchange and similar transactions have been perpetrated by Englishmen, so in London the most successful frauds have been the handiwork of foreigners. I imagine that as no man can be a prophet, so no one can commit a bold swindle with impunity, in his native land. We may account for many robberies which foreigners have committed in England by the hypothesis that we are more inclined to give credit to them than to our own countrymen. In London particularly, where one of the latter might starve, a Frenchman or German would be able to live—upon credit—on the best

of the land. I was once partly the innocent cause of one of these foreign swindlers walking off with a large sum of money which he obtained by fraud from a West-end discounter. A young lord, with whom I had a casual acquaintance, came up to me in the Park one afternoon, and introduced me to a foreign-looking gentleman who was leaning on his arm. This stranger, he said, was a Brazilian nobleman who had lately landed in England, and wanted some information about monetary matters. He could not—or professed that he could not—speak English, but as I am a proficient in French, we got on well enough together. He showed me a letter of credit from an English firm at Rio Janeiro, upon a house in Bristol, for one hundred and fifty pounds, and asked me whether I could negotiate the draft. I said that nothing could be more easy, but that it would first be necessary to communicate with the house on which the letter of credit was given, so as to know whether it was all right. He begged me to do this, and upon writing to the firm I obtained an answer in twenty-four hours that the document was quite correct, and that when presented it would be paid. I at once obtained cash for the draft, and duly received the thanks of my noble Brazilian acquaintance. A month or so later another letter

of credit for a like amount arrived, and was also honoured by the same firm. Some few weeks after this my foreign friend came early one morning to my lodgings, and told me that he had lost a considerable sum at whist and in betting at Goodwood, and wanted to draw a bill upon his agents at Rio for two hundred pounds; would I get the draft cashed for him? I took him to a West-end discounter, who not only cashed his bill on my representation, but asked him to spend a week with him at his "little place in the country," where he gave him some excellent shooting, and made quite a lion of "the foreign nobleman." The bill was duly despatched to Brazil, and in the course of time was advised as having been accepted and paid. A couple of months later, the Brazilian count drew another bill for a thousand pounds, and took it to the same man, who cashed it. The "foreign nobleman" slipped over to France a few days before the return mail from South America was due, bringing news of his bill having been dishonoured.

The West-end money-lenders and discounters may almost be looked upon as a race apart from the rest of the world. As a rule, their outward and visible profession is either that of wine-merchant or attorney, but in neither one nor

other of these callings do they do more than a merely nominal business. Although I have known renewals go on for two and three years, the victim paying ten, fifteen, or twenty per cent. every three months, yet I have known them do generous acts. To men like myself, who do their dirty work for them, they are punctual, and even liberal, paymasters. No discounter—beyond, perhaps, putting in an occasional advertisement—ever looks out for business; he leaves that to the "touts" and pilot-fish, to whom he pays a handsome commission. The best "touts" are those who, like myself, have once been flats but are now sharps; who were formerly pigeons and were plucked, but who now help the hawks to pluck. Few people would believe how many of these "discount agents," as some of us sometimes call ourselves, are to be found in every class and rank of life. I know of more than one broken-down peer whose sole source of income has for years been "introducing business" to bill discounters; and among officers who have sold out of the army, and who without any visible means of earning their bread, still live upon the fat of the land, the "profession" of bringing lenders and borrowers of money together has become exceedingly common. The last resort of a "monetary agent" is to betake himself to

Aldershot, or the Curragh, Oxford, or Cambridge, to seek for victims on which the shark who employs him can feed. There is a certain amount of business to be done at these places, although in a small way, being almost entirely with petty twenty, thirty, or at the very utmost fifty pound bills, and these attended with considerable risk both of loss and expense.

West-end discounters are generally men clad in purple and fine linen, who fare sumptuously every day; but to this rule there are exceptions. I know one of the fraternity who, although making his eight or ten thousand a year, does not spend two hundred. I had once occasion to go to his private residence, which was in a house for which he pays only twenty-eight pounds a year, in a miserable dirty back street in one of the northern suburbs of London. He told me that he kept no servant, his wife and daughter performing all the most menial offices of the household. He does not profess to be poor, but says openly that making and saving money is his only pleasure in life. To judge from appearances, he must be at least sixty years of age, and I am convinced he is worth at least as many thousand pounds; and yet I heard him abuse his unfortunate wife for ten minutes, because she had paid sixpence instead of fivepence for some vegetables,

sold by an itinerant greengrocer at the door. His office—up three pairs of stairs in one of the most deserted of squares behind St. Clement Danes—is a marvel of discomfort and misery. He has one clerk, a boy of tender years, who looks hungry and ready to run away at a moment's notice. Yet this old man does a great deal of business, and, as times and discounters go, is far from being hard in his terms. I have seen him sign cheques for three or four thousand pounds in the course of half an hour. Let him once be satisfied that a bill is all right, and he does not hesitate a moment to pay down the money.

But this individual is an exception to the rule; West-end discounters almost invariably living well, and being much given to hospitality, no one who has ever done business—either as a borrower or an agent—with one of these gentlemen need ever be at a loss where to look for a Sunday dinner, at which he will find the best of wine, as of everything eatable in season.

When a bill he has discounted is fairly ascertained to be bad—when drawer and acceptor have so come to grief that nothing can be got out of the one or the other—the discounter seldom troubles himself much about the document. He looks upon it as worse than useless to throw good

money after bad in attempting to get "blood out of a stone." And when any "swell" has to make a clean breast of it before one of the Commissioners in Bankruptcy, it is seldom or ever the West-end discounter who opposes his discharge from all liabilities. On the contrary, I have more than once known a broken-down Guardsman or insolvent dragoon who already owed a discounter several hundreds, receive from him the means of supporting himself until better times came round. It is true that these practitioners charge enormous rates of interest for money lent, but they argue that no one is obliged to borrow from them unless it suits him to do so, and that all they do, and what they charge, is fair and aboveboard.

CHAPTER VIII.

THE LEVANT TRADE.

"How is it possible for me to commence business on my own account, when I have no capital?" This was the question I put to a friend who advised me to begin as a merchant in London, after the failure of some schemes by which I had hoped to better my condition in life. "And I am not only without money, but also without credit," I continued; "for who would give credit in the way of business to a man who is utterly unknown in the City?"

"My dear sir," was the reply, "you are far too timid; at the present day, if a man has knowledge and energy of character, he does not require either capital or credit to commence trade with, and to get on in the mercantile world. I know a Greek gentleman who is about to start a firm in London, and who wants an Englishman well acquainted with business to enter into partnership with him. I will give you a letter of

introduction to him, and I hope you may be able to arrange matters to your satisfaction."

Armed with a note from my friend, I called upon Mr. Velardi, the Greek gentleman who was about to set up in business as a merchant, and who wanted an English partner. I found him in the office of a fellow-countryman of his own, up three pair of stairs, somewhere behind Austin Friars. He read the letter, and at once proceeded to talk over the matter which had brought me to see him. His intention was to start, simultaneously, mercantile offices in London, Smyrna, and Odessa, as correspondents of the same firm. In each of the two latter towns, he told me, he had already a partner, and he now wanted one for London; would I accept the situation? No mention was made of capital, but he informed me that I should have a third of the net profits of the English firm.

As it was a case of this or nothing with me, I gladly consented to join the new firm, the preliminary terms being as follows:—First, I was to join him as partner for three years certain, and during that time I was to be allowed to draw "on account" of my future share of the profits, which were to be declared every half-year, the sum of twenty pounds a month. Secondly, I was to give up the whole of my time to the affairs of the firm, and more particularly was to keep the

books and write all the English letters of the house. Third, if required, I was to be ready to go abroad at a day's notice, on the business of the firm, and to reside in either Smyrna or Odessa for such time as the head partner might direct. Fourth, and lastly, I was not to accept any bill nor sign any cheque or draft for the firm without special leave or order. The latter clause in our agreement—which was drafted so as to be afterwards duly drawn out in proper form by a solicitor—appeared somewhat strange to me; but as I was only too glad to get anything whatever to do, I did not question details too closely.

Mr. Velardi was a fair average specimen of the Greek merchant as found all over the world. He was about thirty years of age, wore a short-cut and very black beard, dressed well, was gentlemanly in his manners—courteous, in fact, to a degree, except when he was getting the worst of a bargain, when he would rave and rant like the lowest Houndsditch Jew. Besides his own language, he spoke English, French, and Italian well; a little Russian too, and had some knowledge of Turkish. He had served as a clerk in a merchant's office in Syra, and also in Odessa. He had been in business on his own account for five years, during which time he had suspended

payment twice, but had always managed to compound with his creditors for two or three shillings in the pound. Of all kinds of trade and business in every part of the world, he had a most thorough knowledge, but exceeded, above everything, in the theory and practice of foreign exchanges. With the help of a pencil and a scrap of paper, he would in three minutes—gabbling as fast as possible all the time to himself in Greek—show how that, according to the various exchanges of the day, he could, by drawing on Amsterdam, sending the bill to be sold at Hamburg, and there purchasing bills on New York, which were to be sent for sale to Madrid, and the proceeds invested in paper on Brazil, turn two, three, four, or five per cent. In transactions of this nature—which were to me much the same as Greek Iambics would be to a Calcutta Hindoo—he often embarked, for he had correspondents in every part of the known world. And, what is more, he generally gained by such dealings, or, if he did not gain, he hardly ever lost.

The London firm which he established Mr. Velardi called VELARDI, WILLIAMSON, AND Co.; I being Williamson, Co. being a myth. At Smyrna, the firm was Velardi and Co.; at Odessa it went by the name of Velardi Brothers. But, so far as

I could make out, the only bonâ fide partner in the three firms—or, at least, the only person who had any real power over the business done by all these houses—was the Mr. Velardi with whom I was associated in London.

Our capital was not large. Mr. Velardi had three hundred pounds in a London bank, and I had nothing. Yet, on these very limited means, we did business to an amount which astonished me, and often made me fear that the pace was too good to last. When we first started, Mr. Velardi used to get such bills as he drew upon his foreign houses endorsed by one of his more wealthy and better-known countrymen in London; but the necessity for this proceeding soon wore off, and as he became better known, his drafts were sold readily upon 'Change, although at first only to a moderate amount. That amount, however, soon got larger, as it became known that our firms in Smyrna and Odessa drew largely upon us, and that those bills were always met at maturity.

The way in which we managed to procure funds in order to meet large amounts was generally as follows: We would draw upon one or other of our firms abroad—say at Smyrna—in favour of a correspondent at Leghorn, Hamburg, or elsewhere. That correspondent (our corre-

spondents were always Greek firms) had orders, so soon as he received the bill, to sell it as if it were his own property, and remit us the proceeds, charging his commission of five per cent. for negotiating and endorsing the bill. At Hamburg—or wherever else this took place—the transaction appeared quite legitimate and business-like. Thus, Messrs. Velardi, Williamson, and Co., of London, drew upon Messrs. Velardi and Co., of Smyrna, in favour of Messrs. Cavali and Co., of Hamburg, for the sum of one thousand pounds, payable three months after date. Messrs. Cavali and Co., after sending the first of the set of bills forward for acceptance, endorsed it, and sold it on the Hamburg Exchange. Any one not in the secret would have thought that the house of Velardi and Co., of London, owed Cavali and Co., of Hamburg, money, and had remitted this draft in payment of the debt. But the fact was, that the bill was an accommodation bill on a large scale; for the proceeds of its sale were duly remitted to us, and by us used to pay off bills which either the Smyrna or the Odessa house had drawn upon our firm in London.

Drawing bills is a very easy proceeding; even selling them can be accomplished at times; the difficulty is to meet them. To great minds nothing is impossible. Before the bills drawn

upon one of our foreign houses became due, that house drew upon us in the way in which we had drawn upon them, and sent the bill to be negotiated in some other market, the proceeds being duly remitted to the firm, in order to enable it to meet the bill or bills we had had drawn upon it. Thus, between the three firms, which together had a *bonâ fide* capital of three hundred pounds, we kept up a see-saw of bill-drawing, which often amounted to thirty or forty thousand pounds, scattered over most of the commercial markets of Europe, and by no means unknown even in America, both North and South.

The profit and loss upon these transactions were varied, but, as a general rule, we were the gainers. To achieve even a partial success in this paper traffic, it was, of course, necessary to watch all the exchanges in Europe, and to profit by those that were favourable to our operations. Thus, if the exchange in Paris upon Odessa was more favourable than that of Hamburg upon the same place, we sent our bills to Paris to be negotiated, and *vice versâ*. Moreover, our correspondents in every commercial capital of Europe were under agreement to accept whatever bills we might draw upon them, and we had all the chief exchanges of the world at our command. So that, whenever it suited us to do so,

we drew upon any place bills which could be favourably negotiated in London.

For a purely English house to carry on transactions of such magnitude would have been a simple impossibility. English merchants have still some old-fashioned notions about not drawing or accepting bills, unless the said bills really represent some veritable commercial transaction between the drawer and the drawee. Thus, if Messrs. Smith and Co., of London, have sold Messrs. Jones Brothers, of Amsterdam, so many bales of goods, it is quite legitimate that the former firm should draw on the latter for the amount against the goods. It is also quite according to rule, that when Messrs. Smith's draft on their correspondent is accepted, they should sell or discount the same, which at maturity will be paid by Messrs. Jones. But it was not until the Greeks—or rather what is called the Levant trade—took to trafficking in bills which had really nothing whatever behind them in the way of money or capital, that a regular and large profit began to be made out of this kind of paper.

But, to do them justice, the Greeks are the only people in the world that could carry on that extraordinary trade, because they form the only nation the natives of which have implicit con-

fidence in one another. Whatever a Greek may be to the foreigner, he is always true to his countrymen. He haggles over bargains, gesticulates wildly, and shouts himself frantic, if he thinks that he is likely to be overreached by so much as half a farthing in the hundred pounds; and in any transaction about goods, merchandise, or money, he will try to wriggle out of his bargain, if he is likely to be a loser by it. But with all this he is true to his signature, knowing that, whatever he might gain by dishonouring it, he will in the end lose very much more than he gains. Thus, when Greek merchant A, of Marseilles, writes to Greek merchant B, of London, and informs the latter that he has drawn upon him at three months' date for five hundred pounds, but will cover the draft—that is, remit the means wherewith to pay it—before it falls due, B accepts the bill at once, feeling quite certain that A will keep his word.

The business which our firm did was not confined exclusively to that of accepting and drawing bills. We bought large quantities of Manchester goods, shipping some on our own account to various ports in the Levant, and sending out others on commission to different firms abroad, that had given us orders to procure them. In Manchester there are a great number of Greek

firms, whose sole business it is to purchase goods for houses in London and elsewhere, and it was to one or other of these houses that we always gave our order to buy in the Manchester markets. Strange to say, although foreigners in this country, the Greeks in Manchester purchase goods very much cheaper than the English firms can. Moreover, as they do not always insist upon cash payments, but carry on among themselves a system of discounting, and will always accept bills drawn upon any foreign firm, it is much easier for a house with limited means to do business with them than with the houses that are solely English. If the Manchester Greeks thrive, prosper, and increase, during the next twenty-five years, as they have done in the last quarter of a century, more than half the buying, selling, and agencies of the most important trade in England will be in their hands. As it is, all throughout the ports of the Levant —at Smyrna, Salonica, Alessandria, Beyrout, and Constantinople—the Greek importers of English goods make large fortunes where the local English merchants can barely make a living.

My duties as junior partner in the firm of Velardi, Williamson, and Co., were not very severe. By eleven o'clock every morning—

seldom earlier—I was at the office. If I happened to be the first to arrive, I opened and read all such letters as were not in Greek: a language which I do not understand. This done, I proceed to look over the bill-book, and see what drafts fell due on the next few days following, and whether there were funds sufficient at our banker's to meet them. I then had half an hour's consultation with Mr. Velardi, who by this time had read all the news and notices of exchange throughout Europe, and was well posted up on the subject. We then determined what bills were to be drawn and sent abroad, for sale, and what were to be disposed of in London. The next two or three hours were always spent at "the Baltic," which is the stock exchange of all the Levant trade in London. Here we not only saw our friends, but also transacted a great deal of our business, selling bills, freighting ships we had chartered, effecting insurances on goods, and what not. At three or four o'clock we returned to the office, where I wrote the English and French, and Mr. Velardi Greek letters: the latter always the most numerous. By six o'clock in the afternoon we were generally free and on our way home, though occasionally I have been kept until nine, ten, and eleven o'clock at night. For with Mr. Velardi nothing was ever allowed to

stand in the way of business when business had to be done.

Our office establishment was not an expensive one. Besides my partner and myself, there was only one clerk, a young English lad, who copied letters, ran messages, went to the post, and had the place to himself all the afternoon, when we were at "the Baltic." This youth had no more idea than the dead what our firm was worth, or what was the amount of our liabilities or assets. The Greeks never allow many people to see below the surface of their affairs, and that is one reason why they succeed so well in general with their business. In our firm no one except my partner and myself knew what was really going on either with our home or our foreign houses. Not, indeed, that I knew much myself what was doing in exchanges, for the subject was to me so hopelessly intricate that I never attempted to master it. Of course I was aware what bills we had to meet, and what amounts we had to receive; but as to being able to work out the complicated questions of bills being bought in one place, sent to another, there sold, and the proceeds sent to a third place, that was out of the question, and therefore I never attempted it.

After our partnership had lasted some six

months, we went over the books together, and arrived at the conclusion that our net profits for the half-year amounted to nearly a thousand pounds; of which, according to agreement, I was to have one-third. From this, of course, there had to be deducted the twenty pounds a month which I had drawn "on account" of my profits. Still there remained a very nice little sum for me to pocket, and I had every reason to be satisfied with the results of the business.

But not so my partner, Mr. Velardi. This gentleman did not seem to think that with a paid-up capital of three hundred pounds, a profit of more than nine hundred and eighty pounds in six months—being at the rate of six hundred per cent. per annum—was sufficient. A few days after our balance had been struck, he told me that we must put more energy into the business, and that he must require me to go abroad and reside at Smyrna for some months, as he was by no means satisfied with what our firm was doing in that place. As the fruit season was soon coming on, there would be an opening, which must not be overlooked, to extend our business in many ways.

In a fortnight's time I found myself *en route* for Smyrna. From London by Dover, Calais, and Paris to Marseilles, and thence by the French steamer, *viâ* Messina, to the Piræus and

Syra, I found myself dining at the Hôtel des deux Augustes, at Smyrna, on the tenth day after I had eaten my chop in Cheapside. I was well furnished with letters of introduction to all the leading people in the place, besides having written instructions from Mr. Velardi as to what I was to do in the way of business, and how I was to do it; or rather to what extent I could proceed in business upon my own responsibility. Should I have any doubts as to what was to be done on any emergency, I was at once to refer to my partner in England. This was easy enough, there being telegraphic communication between Smyrna and London.

To my great surprise I found, upon going to see various persons in Smyrna, that an idea had got abroad in the place that Mr. Velardi's English partner, my humble self, was a very wealthy man, and that I had come to the place with money to do business on a large scale. How or by whom this idea had been promulgated, I never exactly found out, although I always believed—and do so still—that the real author of the story was my partner himself. Be that as it may, my being thought a rich man tended, of course, to facilitate my dealings in the place, and would consequently increase our profits very much if I was only judicious and careful in the way I went to work.

The fruit season is the time when the figs are brought into Smyrna by hundreds of camel-loads, and after being dried and packed, are shipped to England. Into this trade I entered largely, but did still more in the way of drawing and selling bills upon our London house, and remitting the proceeds to Mr. Velardi, who took care to turn the money to good account. On the other hand, Mr. Velardi drew largely upon the Smyrna house, remitting to me the proceeds of the bills, which I placed to our credit in one of the local banks. At one time we had in Smyrna a balance of nearly five thousand pounds, and a still larger sum with our London banker. It is true that all this money rested upon no surer foundation than the paper our bills were written upon. Still, the world at large did not know this, and day by day our reputation as a wealthy firm increased. I, who had not brought a shilling into the house, was believed to have had a fortune of twenty thousand pounds upon which I had commenced business with Mr. Velardi. It was useless for me to deny the story; the very fact of my doing so only made it the more believed. Mr. Velardi was well known in Smyrna, and every one in the place was aware that he had commenced life with very little capital. "I wonder," said one gentleman

to me, "how it is that a rich man like you came to enter into partnership with so poor a man as Velardi? however, you have no doubt been the making of the house, which now enjoys as good credit as any firm in Smyrna." Little did the speaker think that it was Mr. Velardi who had been the making of me!

Mr. Velardi was far too cautious a man to trust messages of importance to the telegraph—that is, to the telegraph in the Levant—where what is intended to be the most private becomes generally the most public. Before I left London he handed me a cypher, which was to be used between us upon all business matters of any importance. Accordingly, I one day received from him a telegram to the following effect:—

"FIGS 109 SHIP 10,000 BOXES SMYRNA TO LONDON, 5000 ODESSA."

Almost before I had read this telegram it was reported all over Smyrna that figs had risen greatly in price in London, and that the house of Velardi had received a telegram to ship ten thousand boxes of the fruit to London. This report served our purpose in two ways. In the first place, it concealed the real meaning of the message; in the second, it served to raise the price of figs, of which we had lately bought a large stock, and which we were now able to sell at a considerable

profit. To me, who read the telegram according to the cypher I had by me, the message ran thus :—

"Draw bills on London, at exchange of 109 *piastres to the pound, to the amount of* £10,000, *and remit half here and half to Odessa."*

These directions I followed out to the letter, and by the next steamer both amounts were duly remitted to the respective firms. A few days later, the post brought me Mr. Velardi's latter, in which his reasons for directing me to draw these bills were explained in substance as follows :—

A company had been formed to run steamers between London and various ports on the Black Sea. As the agency of this company would be both useful and profitable to our firm, and as Mr. Velardi wished very much to obtain it, when he applied for it he gave, as references of the respectability of our house, our London banker, as well as the banker in Odessa with whom we did business. To have a good answer given by any banker to whom you refer, it is necessary to have a good balance in his hands ; for this reason my partner wished that with each of his bankers there should be at least five thousand pounds to his credit. In Smyrna such a reference was not necessary, for, owing to my supposed wealth, every one who was asked would have said, and did say, that no firm in the place enjoyed better credit, and that

our capital was supposed to be very large. In due time the references were sent, favourable replies were given, and the agency of the steamers was obtained for our firm, a matter which proved of no small importance to us.

At the end of six months' sojourn in Smyrna I returned to London, and found that we could for the past half year divide a net profit of two thousand one hundred pounds, my share of which amounted to seven hundred pounds. This was not a small amount for one who, a year before, had entered into business without a farthing.

My partner, however, although still working as before, and with even more, if possible, than his old energy, had begun to turn his thoughts into new channels of profit. It was just then that the mania for joint-stock companies was at its height. Commercial men were all more or less speculating in shares, and anxious to be on the direction of some one or other "good thing." As all the financial arrangements of our firm were entirely under the direction of my partner, I could not object to any employment of our money which was approved of by Mr. Velardi. Moreover, like almost every other commercial man in England, I began at this time to be infatuated with the idea that there was a royal road to fortune, and that money could be made much

faster by dabbling in shares than by ordinary legitimate trade.

We at once went to work on the Stock Exchange with a will. There was not a company's prospectus published in the "Times" which we did not read with avidity, and in which we did not apply for double the number of shares that we could possibly hope to obtain. When they rose to a premium, we sold them, and applied for others in fresh concerns. We made money fast, and each of us got named to be directors upon boards of good companies. Very soon, our names got to be well known in the City, and we were in great request as directors in new companies. Our speculations were all on joint account, and, for the third half year that we were partners we divided three thousand pounds between us, of which one third was, according to agreement, my share. Moreover, being at heart a very liberal man, Mr. Velardi wrote off five hundred pounds as an extra bonus to me, for the trouble and expense I had been at, and the good I had done the firm during my residence at Smyrna.

But we soon began to find that in business, as in everything else, no one can serve two masters. The complicated exchanges which we had been engaged in, required the full attention of one man; and to manage the Manchester goods

department of our firm was quite enough work for another. We began now to think much more of the rise and fall in shares than of the rates of exchange at Hamburg, or the price bills on London were selling at in Marseilles. My partner was a director of a bank, a finance company, and two marine insurance offices, which together took up all the time he could spare from running in and out of his stockbroker's to know how things were looking, and whether the shares he held were rising or falling. By degrees our proper business began to get into a muddle. Our Smyrna house telegraphed that they had an acceptance for two thousand pounds coming due in a few days, and they had not yet received funds from us to take it up. Thanks to a timely telegram, and a local friend in the place, the bill was met, and our credit saved, though affairs of this kind always get known sooner or later in a gossiping eastern town, and are sure to do harm. Even in London we forgot on one or two occasions to provide for bills falling due, until the very last moment, and this, of course, had a bad effect on our banker, the man of all others with whom we wished to stand well. Our business fell off by degrees, but how that happened and what befell us and it must form the subject of another chapter.

CHAPTER IX.

THE LEVANT TRADE, CONTINUED.

"THIS sort of thing won't do," said my partner, Mr. Velardi, to me one day, upon receiving from our banker a polite note declining to discount certain bills which we had sent in that morning; "if it gets known in the City that our bills are going a-begging, we shall very soon be what you Englishmen call, up a tree."

Now, to the truth of this observation I could hardly dissent, although I felt in my heart that if I had been a banker, and the bills which were offered me for discount were such as we had latterly sent in to our bank, I should certainly have "declined with thanks." The truth was, that although we had never yet left a bill unprovided for, the discount-market in the City, in Paris, and at Marseilles, was becoming overstocked with our paper, which certainly, when inquired into, could only bear the character expressed by the well-known slang commercial phrase of "pig upon bacon"—the meaning of

which is, that although drawn by one person or firm, and accepted by another, both drawer and drawee are in point of fact one and the same person.

That such was the real character of our bills, there can be no doubt. Either the firm of Velardi, Williamson, and Co., of London, drew on Velardi and Co., of Smyrna; or else the latter firm drew on Velardi Brothers, of Odessa; or the house of Odessa drew upon one of the other two houses. It is true that at each of these places we had a dummy or two set up in the way of partners, or representatives of the local firm, but the only person of the whole concern who had any capital was my partner, Mr. Velardi, of London. And, as I said in the previous chapter, he started the three firms with not more than three hundred pounds in bank.

Had we been content to keep only a moderate amount of paper afloat, and had we been more impartial in dividing the amount we sent for discount amongst the various commercial capitals of Europe, we might have carried on the little game of triangular paper-trading for some time longer, and might always have obtained in London what accommodation we wanted, to a moderate extent, from our bankers. But now that we had commenced to dabble in shares and joint-stock com-

panies, this became more and more difficult, as we were often pressed for large sums with which to pay the differences upon various transactions on the Stock Exchange; and, in order to have money in hand, we were obliged to discount our paper on the spot. Latterly the amount we had sent into our banker had increased tenfold, and the not unnatural consequence was, that after making some difficulty more than once, our Lombard Street friend one fine morning declined altogether to discount for us, at least until some of the paper he already held of ours had run off. No wonder, then, that upon reading the banker's unexpected reply to our application, Mr. Velardi had exclaimed, "This sort of thing won't do."

Something had to be done, and that quickly. A great amount of paper of ours—bills drawn by us, and accepted by the firm at Smyrna or Odessa — had to be provided for. Otherwise, if the money to meet these bills were not remitted by a certain day, the respective houses would have to stop payment, and the whole concern would come to the ground with a smash—the London, Smyrna, and Odessa firms included.

As I remarked before, to a great mind nothing is impossible, and in this emergency Mr. Velardi

proved that he was equal to the difficulty. In the first place, he at once, with a stiff and somewhat angry note, withdrew our account from the too cautious private banker, and placed it with a joint-stock bank, which was only too glad, and had been long anxious to have our name on their books. The day had come when in London there were so many new banking concerns that managers and directors of such companies jumped at anything in the shape of a new current account. Our credit balance with our old banker was by no means a small one; when we withdrew it the amount was upwards of two thousand pounds, and although this was altogether from the proceeds of paper still afloat, the joint-stock bank not only received us with open arms, but proposed that one of our partners should become a director upon its board. This—after some few days of coquetting, and professing that we really did not seek the honour—we agreed to; and it was duly announced, in the money article of the "Times," that "the board of the Onyx Bank (Limited) had been strengthened by the accession of Mr. Velardi, of the well-known firm of Velardi, Williamson, and Co., of Austin Friars;" while one of the small guerilla City weekly monetary publications announced, *for "a consideration," of course,* that "owing to the accession of Mr. Velardi to the

board of the Onyx Bank, it was believed that establishment would in future be very largely supported by the Greek interest in London." This disinterested surmise proved much more correct than similar prophecies generally do, for as Greek commercial men generally follow and often help each other, no sooner was the name of one of their community seen on the board of a joint-stock bank, than a perfect flood of current accounts poured into the concern, and Mr. Velardi's name stood as that of a man whom the board was not only very glad to get, but whom it would be very sorry to lose.

The Onyx Bank (Limited), although a new, was a respectable institution. It is true that, like others of the newly-started concerns, it was most anxious to get accounts, thinking no doubt that the bad and indifferent among them could be weeded out when the bank got a little firmer footing in the mercantile world. Hitherto, the business done by this establishment had been but a moderate one, and, though the directors had exerted themselves to the very utmost to obtain clients, Mr. Velardi was the first gentleman with a seat at the board who had brought in anything like a considerable amount of business. This of course made him a great card with his fellow-directors: the more so as he had pleasant

manners, was an excellent man of business, and always well posted up in matters of exchange, and continental affairs of trade, loans, etc. All this gave our firm great facilities in the way of discounting our paper, and as we opened at about the same time another discount account with one of the new discount companies, of which I had become a director, our means appeared almost unlimited. Thus, so far as monetary facilities went, the private banker in Lombard Street who had refused to discount any more of our paper, really conferred a great benefit upon us.

My partner was, however, not the man to remain contented with a partial success. He had provided well for the present, and was determined to provide well for the future. Believing our firm to be very wealthy, one of the directors of the Onyx Bank offered to put his son into our house as a partner, and to give him a *bonâ fide* capital of five thousand pounds. Mr. Velardi was far too much a man of the world to agree to this at once, but asked some days to consider of it, giving his consent at last on the condition that Mr. White—the young man who was to join us—should at once proceed to Alexandria, and open a branch house there, and that his share in the profits of the concern should be one-half of

what we made in Alexandria, and one-fourth of what we made in London, Mr. Velardi having supreme management and sole direction of the affairs of all the various firms. At Alexandria the name of our house was to be White, Velardi, and Co., and as it was announced that our new partner joined us with a large capital—magnified, as is usual in these cases, threefold and fourfold—we gained not only in actual capital, but also in credit. And as most of the trade at Alexandria is conducted through Marseilles and Liverpool, it was thought expedient to establish firms at both places. To each of these ports a dummy Greek clerk was despatched, with orders to accept and draw bills, as he might be from time to time directed from head-quarters in London; thus we at one jump had two new "drawing posts" at our disposal, to say nothing of the *bonâ fide* branch firm established at Alexandria. Our means for doing business were of course very largely increased in every way.

I have said that our firm was at this time thought to be wealthy, and no wonder. So large and so intricate had our bill transactions become, that I question whether Mr. Velardi himself could have told what were our assets and what our liabilities. If pen, ink, and bill stamps could build up a fortune, then we were wealthy indeed;

but to me, who knew that the foundation of our firm was paper, and that the half-yearly profits of the concern were regularly divided and taken away by the partners, the future did not seem as bright—or at any rate as certain—as it did to the outsiders who stood looking on. We kept up appearances remarkably well. We had now, besides our house in London, branch establishments at Odessa, Smyrna, Liverpool, Marseilles, and Alexandria.

At the latter place the business we did was *bonâ fide*, for Mr. Velardi was far too long-headed a man to put himself in the power of a partner who was son of a brother bank director, and, therefore, not only was our commercial accommodation bill system on our large scale not carried out in that place, but produce was regularly shipped from Egypt to Liverpool or Marseilles on our account, and Manchester as well as French goods sent out there on commission. Our partner there—Mr. White—being known to have brought capital into the concern, and also to be the son of a rich London merchant, we were looked upon in Egypt as a highly respectable and wealthy firm, and the odour of this commercial sanctity was wafted from the banks of the Nile to those of the Mersey and the coast of France, so that paper bearing our endorsement or acceptance was freely

discounted in either place, and as we had judgment enough not to overstock either place with our paper, our prosperity seemed more than likely to increase with time.

I had no reason to complain. I had worked hard for Mr. Velardi, but I had been well paid, and, having been allowed to follow the example of my senior partner, could withdraw my half-yearly share of the profits from the concern. I was worth from three to four thousand pounds, which I had invested securely and settled upon my wife in such a way that all the legal powers in England could not touch it, happen what might. What Mr. Velardi's profits had been up to this time I never could exactly make out, but I know for certain that they were not less than twenty thousand pounds, for he had settled upon his wife a house, furniture, and a round sum in Consols which represented rather more than this sum. Nor was our partner, Mr. White, discontented with his lot; for, after he had been little more than a year in Alexandria, he wrote and told his father that his share of the profits exceeded five-and-forty per cent of the capital he had placed in our firm. As a matter of course, this news got noised abroad, more particularly among the directors and shareholders of the Onyx Bank, so that our fame and our credit increased

and throve greatly all over the city of London. As an instance how we stood at this time, which I may call the zenith of our commercial prosperity, a friend of mine was offered no less than five hundred pounds if he could by any means induce one or other of our partners to become directors in a new joint-stock concern:—a palpable swindle. Nor was our reputation for wealth less widely spread upon the Continent. I happened about this time to go over to Germany for my autumn holiday. By some mistake or other, my luggage was sent from Strasburg direct on to Trieste, instead of being given over to me at Vienna, where I intended remaining a few days. In my portmanteau was my desk, and in my desk were my letter of credit and circular notes, so that, except a few napoleons I happened to have in my pocket, I was penniless in a town where I was an utter stranger. I went into the first private bank I came across, and, asking to see one of the partners, told him who I was, and requested him to telegraph to London, and ask his correspondent there to inquire of our firm whether he could on my order advance me fifty or sixty pounds which I wanted to pay my way until I could get my baggage back again. But the moment I mentioned the name of our firm, and showed by my passport and letters that I

was really the Mr. Williamson who was a partner in that house, the banker offered me any sum of money I liked to ask for, and placed himself entirely at my disposal, adding to his civility and kindness by asking me to dine with him, and go to his box at the Opera afterwards.

To make our business affairs all the more secure, both Mr. Velardi and myself left off in a great measure speculating in shares and stocks. It is true that wherever we had an interest in a really "good thing," we kept what we had purchased or obtained. But we left off buying or applying for shares in new concerns, and resolutely declined very many offers that were made us of putting us upon the direction of "first-rate" companies. Mr. Velardi continued a director of the Onyx Bank, and took a very active part in the management of that establishment, which gave us almost unlimited facilities in the way of discount. What we found we could not do in Onyx, I managed to do with the Joint Discount Company, at whose board I had a seat; so that, by one means or other, we always managed to "melt" either our own paper, or that which was sent us to discount on commission.

It would have been well for us if we had stuck entirely to our own business and bills. Unfortunately, a very tempting—and had the

times gone right, a very lucrative—business was thrown in our way. There are in London a vast number of small Greek firms, commission agents, and other individuals, who attempt to do in a small way what I have described in a former chapter, that we did on a large scale with foreign and other bills. The great difficulty with these men is to know where to discount the paper that is remitted them from abroad, and if it were not for the wealthier firms of their own countrymen they would find it an utter impossibility to do so in London. They manage to melt their paper by taking it to one of the better known Greek firms, who—"*for a consideration*"—endorse it, and pass it into their bankers with their own bills, making over the proceeds to those who give them the paper to discount. The commission charged is generally very high, often as much as nine or ten per cent. for three months, being at the rate of from thirty to forty per cent. per annum. Of course the risk incurred by the larger houses is proportionably great. If all goes well, one set of bills is provided for by fresh bills being drawn, and the wheel is thus kept rolling on. But should there be a hitch anywhere, and one bill not be met, or should a commercial crisis come on, and bills of all kinds be difficult—sometimes impossible—to discount, not only does the party

who is discounting fall, but in all probability he drags down with him half a dozen firms even weaker than himself, and injures most materially the larger firm that have discounted for him, often ruining it irretrievably.

At the time we embarked in this dangerous business, the English commercial world appeared to be suffering from a superabundance of money. Men were everywhere looking right and left to find out how their funds had best be employed. But, for those who did not enjoy good credit in the City, the difficulty of getting accommodation was great, as, in fact, it always is more or less. To those who, like ourselves, had facilities of obtaining money, the rates of discount were not more than four per cent., whereas, to stragglers in the sea of commerce, nothing less than eight or ten, was charged, and those who were quite unknown in London had to pay as much as fourteen and sixteen. But with all this there was money to be made in London, and where money is to be made, men of the Greek nation will always be found. There were then, as ever, a host of small Greeks in London, anxious to profit by the various kinds of commerce which they, of all people, understand well. After the manner of their nation, their capital was chiefly in bills. To draw bills was easy enough, and to accept them not

more difficult; the question was where and how to discount them. Actuated partly by a desire of gain, and partly by a wish to be a great man in the eyes of his poorer fellow-countrymen, Mr. Velardi, in an evil hour, began to discount some of these bills, and to pass them in with our endorsement to the Onyx Bank. The profits on these transactions are great, but the risk is greater. For a long time all went well, but gradually the number of these bills increased upon us so quickly that we had to send them to Liverpool, Marseilles—anywhere—wherever we thought they could be discounted. Nor is this kind of business one in which those engaged in it can pull up at any moment they please. The bill for two or three hundred pounds drawn by an unknown man in London upon a myth in Trieste, is certain not to be met at maturity, unless funds for that purpose be remitted in time. To provide such funds the same party must discount another bill, and if you who have melted the first for him don't now do the needful, it is pretty certain, not only that the bill will be returned upon your hands, but also that two or three other small bill-drawers and acceptors, whose names are most probably written upon stamped paper which you have endorsed, will also come to grief.

In the mercantile world there starts up from time to time a crisis or panic, which puts all calculations and commercial rules at defiance. It may be set down as a rule that every ten years one of these fevers occurs in the money market. While they last, few, if any, even of the largest houses, are safe, unless their speculations have been conducted very prudently. We had been about two years in the full enjoyment of our greatly increased credit and reputation, when the first clouds began to show themselves in the horizon of trade. The first thing that caused us annoyance was the failure of some of the individuals whose bills we had discounted, and had passed on to the Onyx Bank, or to the Discount Company. This paper had of course to be taken up at once, in order to save our own credit; it was of no use renewing the bills, for day by day the facilities for discounting grew less and less all over London, as well as on the Continent. For a time we kept on bravely, living upon the reputation of our former credit, which was not yet a thing of the past. But when really good houses in the City began to fall, and when the money article of the morning papers contained every morning a list of four or five firms whose bills had been returned on the previous day, even Mr. Velardi began to get anxious, whether

it would be possible for us to save our reputation, and weather the storm.

There was another circumstance which helped greatly to injure us at this time. In the Levant trade, and generally throughout the Mediterranean, it is customary for firms in London, Paris, and Marseilles, to grant open credits to such of their correspondents as ship produce to them on commission. Thus in our house, in order to obtain shipment of produce from Smyrna, Alexandria, and Odessa, we gave our correspondents—or rather our constituents, being the small native firms for whom we did business in London—leave to draw bills upon us at three months' date, the only stipulation being that these bills must be covered by other remittances before arriving at maturity. The system is most unbusiness-like, and extremely dangerous, inasmuch as the firm that accepts these drafts is not covered in any way at the time of doing so; and, as a matter of course, whether the remittances come or not at the proper time, the bills that have been accepted must be met when due. With purely English firms this custom has never prevailed; but with all Levantine and Eastern houses it is very common, owing to the great competition existing to obtain shipments of produce on commission. So well aware of the

existing competition are all the native Greek, Egyptian, and other small firms in the Levant, that if their custom be worth having, they will not ship to any house that does not consent to grant them what is called a banking credit for three, four, or five thousand pounds at a time.

We did business with several of these native Eastern firms, all of which we were obliged to grant open credits of various amounts. The object the native merchants of the Levant have in obtaining these credits, is, partly to try and make a profit by the rates of exchange, but chiefly to be able to raise money whenever they need it for the purposes of trade, by selling the bills drawn upon Europe. As almost all the native trading community is engaged in this bill-drawing and dealing, and, as each in their turn require remittances on Europe, these bills of exchange find a ready sale, provided the credit of the drawer be tolerably good, and the drawee known to be a pretty safe firm.

Having formed a very extensive connection at Smyrna and other places with small native firms that shipped produce to us for sale on commission, we had granted a number of these banking credits, as they are called, none of which were very large, but which taken together made up a very considerable sum. At the time of the crisis

coming on, we could not have had less than three hundred and twenty or five-and-twenty thousand pounds of bills for which we were under acceptance, and which we should have to meet before long. As time went on, some remittances to cover these arrived in due course, others did not, and many of those which came to hand were upon houses that had either already failed, or were on the eve of bankruptcy. In some instances the bills were perfectly good when they arrived in our hands, they were duly accepted by the firms on which they were drawn, and were then accepted and passed on to our bankers; but, just before they fell due, the acceptors declared themselves under the necessity of suspending payment, and as we had discounted them with the bank, we had to make them good at once.

To pay out money freely, and receive little or none, would soon bring the bottom of the longest purse to light. To save exposure, and in daily hopes that things would mend, we held on as long as we could, but all to no purpose. The inevitable day came at last. The board of the Onyx Bank began to look very shyly at my partner, and the directors of the Discount Company regarded me with but little affection; for rumours had gone abroad respecting the vast

amount of our liabilities, which, though startling enough, fell short of the truth. The rates of discount grew higher and higher in the City, until at last both the joint-stock banks and the discount houses refused to take any save the most undoubted paper, and very little of that. Our credit fell so low, that although we were able, by discounting at ruinous rates, for a short time to stave off the evil hour, it came at last, and the monetary article of the "Times" contained the announcement that "the bills of Messrs. Velardi, Williamson, and Co., were returned yesterday." Also, that "the liabilities of this firm are said to amount to three-quarters of a million; the assets will depend chiefly upon how certain bills now running are met by various firms connected with the Levant trade, in which the house that has just stopped was largely engaged. The books have been placed in the hands of the well-known accountants, Messrs. Blank, Blank, and Co."

CHAPTER X.

THE LEVANT TRADE, CONTINUED.

We had stopped payment—"suspended" is the more refined word used in these latter times—but did not call ourselves bankrupt. No merchant who respects himself, at the present day thinks of taking refuge in the Court of Basinghall Street, if he can possibly avoid doing so. What the old Insolvent Court in Portugal Street was to the then Bankruptcy Court, the latter institution is now to the correct and proper way of wiping out the liabilities of a commercial man. In former years, the Insolvent Court was the refuge of broken-down military officers, ruined country gentlemen, clergymen who had written their names unadvisedly across stamped paper, publicans who had lived too fast, and all the mass of pecuniary misfortune that surges up to sight throughout this land. In those days the Bankruptcy Court was reserved for merchants, bankers, tradesmen, and others, who had failed for their tens or hundreds of thousands, like re-

spectable men. But since the Insolvent Court has been done away with, the great Bohemia of impecuniosity has immigrated eastward to Basinghall Street, and respectable men "compound with their creditors," or make other arrangements, satisfactory, it is to be hoped, to all parties concerned.

This we intended to do. Our first act was to place all our affairs in the hands of an accountant, to whom they were, of course, utterly incomprehensible, unless he was assisted by one of the firm. The task at first fell to my lot; but I, too, found myself quite incapable of solving many of the difficulties which arose in endeavouring to trace out intricate transactions which had passed through our books. For instance: suppose our London firm, Messrs. Velardi, Williamson, and Co., had drawn upon the Odessa house which went by the name of Velardi Brothers, and the latter had accepted the bill, but had, on the other hand, drawn upon us for money to pay the draft: we having been unable to meet the bill they had drawn when it fell due. In such a transaction—and the example I give is exceedingly simple when compared with very many others in which we were concerned—who was the debtor and who the creditor? Was the money due to our estate by the Odessa firm?

No, for that house was proved to be merely a branch of our own house, and such partners in it as had any existence were mere men of straw —clerks who had been put up like dolls or dummies on which to hang out a little sham respectability. It was, however, certain that some person or persons had been the victim or victims in the transaction. When we had drawn on the Odessa house for a certain sum, say one thousand pounds, the bill had been sold, say, in Hamburg, and hard coin given for it. Those who had purchased it had indorsed it, and passed it as cash, or sold it, to others who had done the same. In due time—the Odessa firm not being able to meet its engagements, owing to the head firm in London having failed—the bill was returned from one indorser to another, until at last it was sent to us for recovery. We also had stopped payment, and were unable to take up the dishonoured draft which we had drawn some three months previously. And when these transactions came to be multiplied by the hundred and by the thousand, was it to be wondered at if no little difficulty had to be experienced in unravelling our affairs, and if not a few of our creditors were exasperated with us for having built up so large a commercial concern, with no firmer foundation than three

hundred pounds in cash, and a mass of paper floating all over the mercantile world, for which divers people had paid in one way and another no less a sum than three hundred and fifty thousand pounds?

This, in round numbers, was the amount of our liabilities; what was the total of our assets? We had put them down as follows: Cash in banker's hands, one hundred and sixty-five pounds; good debts, two hundred and fifty thousand pounds; doubtful ditto, six thousand pounds; bad ditto, one hundred and ten thousand pounds. At first this statement appeared plausible enough, but upon a little investigation it was shown to be utterly untrue: so much so that our real available assets were reduced to the hundred and sixty-five pounds we had had the decency to leave at our banker's when we stopped payment. If our good and doubtful debts had been such as we described them, we should have been able to pay something like eight or ten shillings in the pound; but the former consisted almost entirely of bills which various shaky Greek firms had accepted on our account, and the latter were composed of money owed us by firms of which the greater number had already failed.

As a matter of course, a meeting of our creditors was called, and—equally as a matter of

course—anger was displayed on this occasion by those who held our dishonoured bills. We tried hard to throw the blame of the whole affair upon our Odessa house, which, we said, had engaged in certain rash speculations without our consent, and by stopping payment during a mercantile crisis, had obliged us to follow suit. Odessa was a convenient place in which to call our scapegoat into existence. It is a town very far off, and one in which to make inquiries would take up more time and cost more money than London business men cared to expend. Moreover, we had been wise in our generation, and had distributed our favours—that is our bills—very impartially over the commercial world. With the exception of the Onyx Bank, of which Mr. Velardi was a director, and of the Discount Company, at whose board I had a seat, no single firm lost more than from a thousand to fifteen hundred pounds by our failure. Our creditors were many, but none of them were very heavy losers; and, of those that belonged to London, nearly all could fall back upon some foreign indorser of the bills they held. Moreover, we had been true to our nationality—that is, to the nationality of our head partner—and had not "let in" any Greek firm, except such as, being already on the verge of insolvency, were rather pleased than otherwise at an

excuse for having a good whitewash, and of throwing the blame on us.

The Onyx Bank and the Discount Company had been hit very hard indeed, but we knew full well that they would never appear in judgment against us. Establishments of the kind find it much more judicious, and quite as profitable, neither to throw good money after bad, nor to publish to the world the losses they have had in business. Directors, managers, and secretaries of public companies, have a very firmly established creed about making known all their gains, but hiding as much as possible any mistakes they may make. In our case it was, so to speak, doubly politic that what they had lost through our suspension should not be too widely published, inasmuch as in both companies members of our firm had sat at the board, and must have sanctioned, if not advocated, loans or discounts which, though they helped our house to tide over affairs for a time, in the end only entailed much greater losses upon the shareholders of both concerns. When we stopped payment it was said upon the Stock Exchange that the Onyx Bank had lost somewhere about thirty thousand pounds by us, and the Discount Company a still larger sum. These were of course exaggerations, and so soon as they were disco-

vered to be so, a reaction took place, and it was reported that the losses we had occasioned had been a mere nothing. The directors of the two establishments knew this to be false, but did not contradict it, and the value of shares in both concerns—having first fallen much more than they ought to have done on account of our failure—now rose to a higher price than was at all reasonable. But it is almost always thus in business London. Whenever it is known at first that any joint-stock company has lost money, the amount is greatly exaggerated, and the shares of the concern fall. Then the untruth of the tale becomes known, and a reaction more absurd than the previous fall in prices takes place. It is wonderful how very like children in some respects the keenest and most knowing men of business are.

Our chief object was, of course, to gain time. The first anger of creditors always passes away, and the more violent the whirlwind the sooner it is ended. We had to meet a torrent of abuse from some few English creditors, but we soon smoothed matters by saying that we hoped to make an offer to compound our debts by paying so much in the pound, on condition of our not being gazetted as bankrupts; and that we required a little time in order to gather together what money we could, and see what there was to

divide among those to whom we were indebted. In the meantime we proposed that a committee of three should be named by the general body of our creditors, these three gentlemen being themselves creditors, and that two months' time be given us, in order that, under the inspection of this committee, fuller accounts might be prepared, and a more detailed statement of our affairs drawn up.

To a proposition so fair and aboveboard no objection could be made, and at the first meeting of our creditors the terms and conditions we had proposed were agreed to. In the meantime we took great care to hint more than to promise, that we hoped to pay at least ten shillings in the pound. This put our creditors in good humour, and those who were present at the meeting at once proceeded to name three of their number to investigate our affairs. Few were willing, and none anxious, to be troubled with the business, and so the first three gentlemen whose names were—by previous arrangement with ourselves—proposed, were at once named members of this committee. One of these was a man whose name stood deservedly high in the commercial world, but who had so very much to attend to in his own affairs that we felt sure he would not look much into ours: the rather, as he was only a creditor to the tune of some five hun-

dred pounds. His name would not only serve to make the acts of the committee accepted by the general body of creditors, but behind him the other members could hide anything which they did not wish to be seen. The second member of the committee was a director of the Onyx Bank. The third was a Greek merchant, who, not only because ours was a Greek firm, but also because he was a personal friend of Mr. Velardi, would be sure to make matters as pleasant as possible.

We ourselves—that is, my partner and myself—did not fare ill in private life while our affairs were being investigated. I had been able to withdraw my share of the profits every half year, until I had got nearer six than five thousand pounds snugly invested in Consols and securely settled upon my wife, in the name of two trustees. Moreover, I had a house full of good furniture tied up in the same way. Thus, even if our affairs were thrown into bankruptcy, I should be able to get through my troubles without much personal inconvenience. My partner, Mr. Velardi, was much better off than I. Like me, all he had—house, furniture, carriage, and plate, together with from twenty thousand to thirty-five thousand pounds—were securely settled upon his wife, and so, although in the City he had stopped payment, he was able to keep up his snug villa at Roe-

hampton, and I don't think that his daily dinner was reduced either in the quantity or quality of viands or wine.

The investigation of our affairs proceeded very slowly, and when the committee did meet, it was merely to give an official confirmation to such statements as Mr. Velardi had prepared for their investigation. In London every man of business is always running a never-ending race with time, and as often losing it. Nine merchants or bankers out of ten have so many irons in the fire, live at so great a distance from the City, and are so anxious to get away early in the afternoon either to the country or the West-end, that they have very few hours in which they can work; for extra duties, like that of our committee, they really find no time, and are obliged to accept many of the statements of others as truths. Our committee of creditors met nominally three times a week, at half-past one for two o'clock. It invariably happened that one or other of the members was late, and the other two had to wait for him. Thus, anything like the work of investigation never began until a quarter or half-past two, and what with desultory conversation, and a general dislike of the whole business, the clock always pointed to three before the members knew where they were. At from a quarter to half-past three

they broke up, being under the delusion that they had done a good day's work of at least two hours. Then, as the London season came on, our committee became more and more irregular. One member would want to take his wife to the Horticultural Gardens, another wished to go with his daughter to the Crystal Palace. Thus the two months' delay we had asked for came to an end, and we were as far off from the settlement of our affairs as ever.

This just suited Mr. Velardi and myself. We wanted delay, and we obtained it by the doings of others, as if it were the last thing on earth that we desired. At the end of the two months, the committee agreed to draw up a paper asking the creditors for another delay of two months, on account of the intricacy of our affairs, and because further time was required to obtain a thorough knowledge of how our firm really stood with respect to certain foreign houses. This statement was drafted by Mr. Velardi, who acted as secretary to the committee; and, coming as it did from the men they had themselves named, it was impossible for the creditors to refuse the request. The committee determined to work harder, and to try and obtain some reliable account of our affairs before the two months were out, but, like most good resolutions, these were

made only to be broken. Just as they had begun to get something like an insight into our affairs—that is, as much of an insight as they could ever get of dealings which were far too complicated to be understood—one of their number, the director of the Onyx Bank, was taken ill, and another creditor had to take his place on the committee, so the whole of the work had to be done over again.

As good luck would have it, at about this time a foreign house whose acceptances we happened to hold for the amount of about five hundred pounds, took up the bill when due, and this—although it was a mere drop in the ocean towards paying our creditors—we made the most of to the committee, showing how, if time were only given us, we should be able to recover more money for our estate, and asking for a further delay. This was granted. Of the many Greek and other foreign firms on whom we had bills, nearly all had failed or suspended payment, so that of the great mass of bills we held, nearly the whole were useless. On this fact Mr. Velardi enlarged very much, and prepared for the committee a statement by which he showed that our failure was brought about chiefly, if not entirely, by the failure of other firms, and not by any rash or over-speculation of our own. The

figures were cleverly put together, and, though the committee could not believe the whole statement, they were very much inclined to believe half of it. If any good could be done to such a desperate case of reckless insolvency as ours, Mr. Velardi certainly did that good; for, partly by management among his Greek commercial friends, partly on account of good turns he had done his fellow-countrymen when he himself was in prosperity, he managed to get a number of the foreign accommodation bills withdrawn, and so reduced the claims against us considerably. No doubt this was effected chiefly through many of our creditors knowing that we should never pay more than a shilling in the pound. The committee praised both Mr. Velardi and myself for the very efficient aid we had afforded them in the investigation of our affairs, and, at my partner's request, which came before the creditors as the request of the committee, he obtained three more months' delay, and also in the meantime we, the partners in the concern, were to have leave to recommence business in our own names: only our accounts in what may be termed the new firm were to be kept perfectly distinct from those of our former trading. This was what Mr. Velardi had been driving at all along. Within a week we were in full work again.

We did not even change our offices; but commenced business once more, though on a very much smaller scale, as if nothing more than a temporary holiday had occurred to interrupt our trading. Mr. Velardi's Greek friends all rallied round him, and among many English and other merchants who were not creditors, it was supposed that, as we had recommenced business, we must have paid off the old scores. The secret of my partner's plans was, in fact, to work off our former debts by the profits of our new business, or rather to make the latter a sort of guarantee that we would pay the former. So, shortly after we were started again, he made, through the committee, a proposition to the creditors—to pay them five shillings in the pound; one shilling in cash; one in six months; one in twelve months; and the remainder in a year and a half.

This proposition was at first scouted by all, save and except our Greek friends, who stood by their fellow-countryman upon all occasions; but were wise enough not to appear as too urgent advocates of our cause. In public these gentlemen denounced our proposed settlement as vehemently as any of the rest, but in private they assured us that when the proper time came they would be the first to sign. Some of our creditors talked largely

of taking us into the Bankruptcy Court, and even of attacking us by criminal information before a magistrate. What all this meant we knew very well, and were fully aware that the fiercer the storm now, the sooner it would calm down. Through our accountant and solicitor we demonstrated clearly—to our own satisfaction—that by taking us into the Bankruptcy Court, the assets we now had at our disposal would be swallowed up, and instead of five shillings in the pound our creditors would not get five pence, while, if any extra expenses were incurred they would fall upon such of our creditors as had forced us to become bankrupts. We likewise managed, through our friends, to spread the report that the composition we offered came really, though not nominally, from wealthy supporters, who were willing to go so far, but no further, to help us; and that if our affairs should be more thoroughly investigated it would be found that we could not offer even two shillings in the pound.

As time wore on, our creditors began to get more careless. Many of them regarded the money we owed them as lost for ever, and became quite indifferent. Others said they would be glad to sell the claims they had upon us for half-a-crown in the pound, down. Of these we

managed through friends to buy up several for small sums, and thus put many of our most bitter opponents out of our list.

In the meantime our new firm continued to work on, and as the commercial world was now fast recovering from the effects of a late crisis, we were able to obtain a certain amount of credit, and made money, although not so much or so fast as formerly. We did not seek to re-establish any of our foreign firms. That at Alexandria, indeed, had never stopped payment, as, in consequence of Mr. White being a partner in it, the branch house there had never gone largely into the bill-accepting business. Of the money Mr. Velardi had made by our former dealings he withdrew a thousand pounds from what had been settled upon his wife, and, placing it in a bank on current account, gave out that the sum had been advanced by a wealthy Greek firm abroad, in order that he might start afresh. Moreover, we now worked more legitimately than before, or at any rate not so wildly. What we professed to do almost exclusively, was to ship Manchester goods abroad upon commission, and to receive produce from the Levant upon the same terms. This kind of business involved no drawing or accepting of bills, except such as were against goods sent from or brought to England in the legitimate

way of trade. We were careful to keep a balance of never less than a thousand pounds at our banker's, and always provided for our bills two or three days before they became due. In the City it was reported that we were not working solely upon our own account, but that some wealthy foreign firms were behind us, and would help us in case of necessity. This tale, though utterly groundless, we neither denied nor affirmed, and as it very soon came to be universally believed, our credit increased in proportion.

"To him that hath shall be given, but to him that hath not shall be taken away even that which he hath," is a text of which the full practical meaning and bearing upon every-day life, is only understood in the commercial world. So long as our creditors believed us to have nothing, and to be struggling into a business which would afford us a bare subsistence, they bullied and badgered us beyond belief. We were "mere Greek adventurers;" "swindlers;" "scoundrels;" men who had "over-traded;" who had "obtained money on false pretences;" who had "commenced without any capital." But no sooner did we get our heads a little above water, than some of those who had been our greatest enemies and most vehement denouncers, began by degrees to cultivate a sort of business-like friendship for us.

Little by little, some even of our gruffest English creditors began to speak to us when we met in the City, and some of those who had formerly abused us in no measured terms, were heard to say that they believed us to be more sinned against than sinning.

Of those who thus reversed their judgment against us, some were our creditors to a large, others only to a small, amount. It was with the latter that we first attempted to carry our point of getting the paper signed, which would release us from the debts and liabilities of our former trading. The difficulty was to get any one who would sign first, for in business matters your true City man always follows with the crowd. He will invariably object to be the first to take any decided step, but, the moment others take it, he will rush to copy the example. Some of our Greek friends—apparently unknown to us, but in reality at our suggestion—called a private meeting of our creditors, and put forward that it was a pity a firm like ours, now struggling into a new existence, should be hampered by former liabilities, and offered there and then to pay down three shillings in the pound, provided not less than three-fourths of our creditors signed. To this proposition the meeting gave no decided answer, but required a fortnight for consideration.

The gentlemen who had called our creditors together, gave them to understand that the needful money had been chiefly subscribed by personal friends of ours, and that although for all future transactions we had more than one wealthy firm to back us, no further help than what was now offered would be forthcoming, and that if the offer were not closed with at once, even this would be withdrawn.

That the statement was altogether untrue I need hardly say. The three shillings in the pound which was offered for our debts came from ourselves. We had gained by our latter trading some little money, which together with a little more withdrawn from what we had put by before stopping payment, made up the sum.

That the result of the required consideration would be favourable, we had not the slightest doubt. When a debt is of long standing, the creditors in nine instances out of ten will take almost anything down to be rid of the matter. This is the reason why, in a case like ours, it is of immense importance to gain time, and to tire out the creditors' patience.

At the second meeting of creditors, our proposition was formally accepted, two of our Greek friends present giving an undertaking that the money should be forthcoming within thirty days,

and thus we were once more free men, and perhaps more honoured and respected than if we had never suspended our payments. Our creditors appeared delighted with their share in the transaction, and seemed to look upon the small dividend they got, after waiting nearly a year for it, as so much treasure-trove. Not being accustomed to bankruptcy nor compounding with creditors, I felt as if a load had been removed from my back, or a chain from my leg. But not so my partner. Mr. Velardi seemed to think we had paid too much for our release, and grumbled accordingly. "If we had only worked on a little longer, and had tired them out a little more," he kept repeating, "they would have taken eighteenpence, have given a receipt in full of all demands, have been much more thankful than they are, and have thought all the better of us."

The firm of Velardi, Williamson, and Co. now flourishes, and does a larger business than ever. We have correspondents in all parts of Europe as well as in the chief towns of the Levant. In London, at Amsterdam, Hamburg, Marseilles, Constantinople, Salonica, Alexandria, Smyrna, and Beyrout, bills drawn upon us, or bearing our indorsement, are easily negotiable, and are always met at maturity. Our credit is good everywhere. It would be difficult to say what kind of business

we do *not* do, although we confine ourselves chiefly to that which goes by the name of the Levant trade. I have a handsome well-furnished country house, standing in five acres of my own ground, on the London and Brighton line. I allow my eldest son, who is a cornet in a crack hussar regiment, six hundred a year besides his pay; and my daughter who is to be married next month, will have five thousand pounds on her wedding-day. My partner has larger ideas as well as more money than I, and owns one of the handsomest mansions in Westbourne-terrace. In every sense of the word we are most respectable men, and we shall continue to be most respectable men, unless another commercial crisis takes place, when we shall find it rather difficult not to stop payment; for at a rough calculation I take our liabilities to be about one thousand times greater than our assets could ever become.

CHAPTER XI.

"THE BANK OF PATAGONIA" (LIMITED).

SOMETHING had to be done. As secretary of the GRAND FINANCIAL AND CREDIT BANK,* I had brought my wits to a very bad market, and the latter days of that celebrated establishment had given me considerable distaste for anything in the shape of what is called "a position" in a joint-stock company. To work for five or six months in the hopes of bringing out a new concern, and then, if it succeeds, obtaining as reward a mere clerkship with the more sounding name of secretary, did not suit me at all. Moreover, having seen how large were the profits of those who "promoted," or started into life new companies, I determined to have my finger in a pie of that kind. Why should I not be a promoter?

To promote a company successfully, three things are absolutely necessary: The promoter must have a solicitor for a friend and confederate; he must be able to start a new idea; and be com-

* See "How we 'Floated' the Bank," p. 45.

petent to write a "taking" prospectus. All these three elements of ultimate prosperity in the business I was possessed of. Among the several thousand gentlemen who are enrolled as attorneys-at-law, there was one whom I counted amongst my intimates. It is true that his general character would not, perhaps, bear the strictest investigation. He had been twice insolvent and once bankrupt, and had long laboured under a slight suspicion of having appropriated to his own use certain sums entrusted to his care by an old lady client. All this, however, only made him a fitter instrument for the work which I required, and from which a practitioner with some character to lose, would have shrunk in disgust. Mr. Scott had no scruples, and was, therefore, the very man I required. As for writing a "taking" prospectus, I knew myself to be up to that work, and therefore the only difficulty that remained was to find a new idea, which would tell in procuring subscribers to shares which I might throw upon the market.

My previous experience with starting the Grand Financial scheme, led me to believe that if there be one financial fable more likely than another to be believed in by the British public, it is that of a bank. Every man with any claim to monetary respectability employs a banker, and

therefore thinks himself thoroughly conversant with banking in all its various branches. And, as it was to the respectable (in money matters) part of the community that I wished to address myself, I determined that my scheme should be connected with a bank, and with no other undertaking.

The "Grand Financial and Credit Bank," had been practically much too exclusively a home affair. It is true that we had intended to extend our operations all over the known world; but the child that we expected would have grown into so very large a man, had died in his infancy. My present plan was to fix upon some country, or town, or nation, or state, or empire that was not yet blessed with a banking institution, and give its name to the company I was going to start. The only difficulty was to find any part of the known world which had not as yet stood godfather to some one or other of the many banking concerns set on foot in London during the past three or four years. To take any European name was out of the question. The Stock Exchange Share List showed me at a glance how every nation and city, from Paris to Constantinople, had already been pressed into the service of giving a name to some banking scheme, whose head-quarters was in London. Asia, too, was not to be thought of. There were "Indian," and "Hindostan," and

"Bombay," and "Calcutta," and "Scinde," and "Delhi," and "Simla," and "North-West of India," and "South-East of Bengal," and, for aught I knew, "West-and-by-South of Hindostan," banks by the score; to say nothing of "Chinese," "Japanese," "Hong-Kong," "Yokahama," "Borneo," and "Yellow Sea," Banking Corporations. Nor was there more to select from upon looking over the map of Africa. In and about Cape of Good Hope Colony, the name of every town or district of any note had been appropriated. To name a bank after the Kingdom of Dahomey would hardly do, nor did the Cape Coast establishment promise to be regarded favourably as a centre of financial operations. In the United States there was civil war raging, and, moreover, the Yankees don't like any commercial trespassing upon their own preserves. Mexico is more than fully represented already by the joint-stock banking interest, and so is Canada. Besides, I wanted something new, something which had not yet come before the share-taking portion of the British public, and which would excite curiosity as well as interest. The Republics of Southern America were better known than trusted in London, and the people of those countries had an unpleasant way of wiping out debts with the knife; a mode

of settlement which no City-educated general manager we should send out, was likely to approve of. Where, then, to turn for a name to my new bank? Strange to say, the selection of a distinctive denomination for my as yet imaginary establishment, gave me much more anxiety than the probability of its ultimate success. I knew full well that if I could once set the concern on foot, it would pay me, even if its existence terminated in three months. I was to be the promoter of the bank, and as such would be entitled to my promotion-money the day the shares were allotted to the public. I neither hoped nor wished for any appointment in the establishment. So soon as my fee for the promotion was paid me, the whole affair might collapse immediately for aught my interests were concerned. And once I got the machinery at work, I felt quite sure that I should succeed in bringing the shares out to the public. As it was, I was stopped for want of a name with which to head my prospectus.

In common with all men who read their daily paper, the reports of different missionary societies came under my notice from time to time. At the period I was about to start my new bank, there was a story going round the religious periodicals respecting half a dozen or more gentlemen who, having gone out to Patagonia

for the purpose of civilizing the natives, had been killed and eaten by that ungrateful population. The tale was true, and was circumstantially told, giving a detailed account of the natural productions of the country, and its great adaptability for commercial enterprise. As I read the paper, it struck me that the name of the savage land could be turned to account, and I therefore determined to call my proposed establishment the "BANK OF PATAGONIA" (LIMITED).

Before writing out the prospectus, it was only prudent to put myself in funds with which I should be able to print the paper when it was ready. Here my former experience did me good turn. I remembered well the day when I had been in want of a situation,* and had been so nearly entrapped into paying for what was a purely imaginary appointment. If other promoters had got me to nibble at the bait on their hook, might I not be able to catch a fish of some value for myself? I therefore at once proceeded to advertize to the following effect:—

WANTED FOR A FOREIGN BANK, a Gentleman fully competent to conduct the duties of Secretary at the Head Office in London. Salary liberal. Applications (by letter only), with copies of testimonials, to be sent to A. F., care of Mr. Scott, Solicitor, 28, West Street, E.C.

* See "Promoters of Companies," p. 1.

Having at the present time of writing given up the profession of promoter, I don't mind telling gentlemen just starting in that business a secret or two in the little-understood science of successful advertising. It will be seen by the foregoing notice, which I sent to all the most respectable weekly and daily papers, that I gave no hint that any payment was so much as expected from the gentleman who would obtain the situation of secretary. Yet I knew full well that without a good round sum down, no man should obtain the appointment. The words "fully competent to conduct the duties," made those who read the advertisement believe that it was by no means every sort of person who would find acceptance with "A. F.," whose address was "care of Mr. Scott." This, moreover, made us certain to have numerous applications from men imperfectly educated, for such persons always believe themselves to be fit for any situation under the sun. I had always observed that the less a man of this kind, who has got any money, knows, the more willing he is to pay. We did not—at least I did not, for once the concern was started I should make it over to the directors, who might please themselves—want a man for secretary who was too well educated, nor one who was possessed of too much worldly knowledge. What I required was

a gentleman with good address, and who, by his very simplicity of manner, would persuade intending shareholders that the promoters of the concern could not be very "deep" men, or they would have had a more knowing secretary. Then there was also the question of money. Of that most needful commodity I had none, and my friend, Mr. Scott, solicitor, had very little more. It was absolutely necessary that some one should have the sinews of war at his command, otherwise we ran a very great chance of failure at the outset.

But we were not long without applications in reply to our advertisement. The latter appeared in two or three of the daily papers one Monday morning, and before noon the postman had delivered at Mr. Scott's office between forty and fifty letters addressed to "A. F.," all of which contained copies of testimonials, and were from gentlemen who declared themselves "fully competent to conduct the duties of secretary" to any "Foreign Bank" upon the face of the globe.

These letters I looked carefully over, and collected them in batches of half a dozen, replying to each of the writers by stating an hour at which I could see them the next day, or the day after. Thus I hoped to see all the applicants myself, and be able to judge of their respective qualifications, without having too many of them

together at one time in the office of my friend and fellow-labourer, Mr. Scott. But by the time I was about to leave the City in the afternoon, there were as many more applications sent in, and, before the next day was over, the number of letters amounted to something over a hundred and twenty. To all of these I replied, naming a day and an hour to see each individual, and, as I said before, giving six applicants at a time appointments together. Thus the work I cut out for myself was by no means trifling, but in doing it well there was a great object to be gained, no less than that of being furnished with funds which would enable me to carry out my scheme of setting the BANK OF PATAGONIA (LIMITED) on foot.

The first half-dozen batches of applicants for the secretaryship consisted of men who would not answer my purpose in the very least. There were young, middle-aged, and old individuals amongst them, and not a few whose testimonials were of the highest order. But upon my putting to each one the question as to his private means, they one and all declared that of money they had none whatever. Of course I only saw one applicant at a time in the private office, the others remaining outside; and I was, moreover, obliged to touch upon the question of money with the

greatest possible delicacy. In fact, it was more by a series of hints than by actual questions that I obtained the knowledge I wanted. At last, however, I managed to fall in with one individual who declared himself able to help the "promotion" of the company with some ready money, of which he had a few hundreds at his disposal. This gentleman was by no means equal in manners or education to most of the others who were trying to get the situation, nor were his testimonials as good. He had served some years in a government office, but had quarrelled with his superiors, and had been obliged to leave in consequence. He had a sheepish, and, at the same time, a vulgar manner; nor could he write English particularly well. However, he had money, and it was money, above all things, that I wanted. My bargain with this gentleman—Mr. Edwin Smart—was as follows: I was to secure to him, by a stamped undertaking, that he was to have the post of secretary to the "BANK OF PATAGONIA," at a salary of five hundred pounds a year, which was to increase a hundred a year for seven years, until it reached the respectable sum of twelve hundred pounds a year. When the "Articles of Association" of the bank were drawn out, Mr. Smart's name was to be inserted in them as secretary to the bank, and it was to be expressly stipulated that

he was not to be turned out of his situation (unless, of course, for fraud or very gross misconduct) except by a meeting, at which not less than three-fourths of the directors were to be present, and of which meeting due notice was to be given at least a clear month before it took place. In the meantime, until the shares were allotted, Mr. Smart bound himself to do duty as my secretary whilst I was engaged in getting up the company, and not to ask for any remuneration until the bank was fairly afloat. He was, moreover, to advance me five hundred pounds in order to help the promotion of the concern, and to "oblige" me by putting his name to bills to the amount of one thousand pounds more for the same object. If the concern went on, and if the directors proceeded to allot the shares, the money which Mr. Smart had advanced would be refunded to him out of the very first deposits paid upon the shares. But if not—if the company died a natural death, and was never strong enough to induce the public to part with their money—then would Mr. Edwin Smart have no post of secretary, nor could he hope to be reimbursed what he had advanced. "I look on the matter in this light," said Mr. Smart to me one day; "if the company goes all right, I shall have a situation of five hundred pounds a year, which is to increase

every twelve months a hundred pounds. If it does not go on to an allotment, it is true I shall lose the five hundred pounds I have advanced, but I think it is well worth while to risk five hundred pounds cash for a salary of five hundred pounds per annum." "But what of the bills for one thousand pounds which you have put your name to for me?" asked I. "Oh, as to them," was the reply, "I will bolt before they become due." I thought that whatever other indifferent qualities Mr. Edwin Smart had, he was at any rate plain-spoken enough, and made no secret of his intentions.

The bills our future secretary had accepted for my use were soon discounted, and thus with nearly fifteen hundred pounds at our command, we were able to set to work in earnest. Our company being formed for the purpose of banking, and new establishments of this nature not having fallen into such disrepute as they are at present, we found not much difficulty in filling up the list of directors. It is true that we were not able to get either very first-class men, nor perhaps the best of the second-class City men. But of second-rate second-class, and first-rate third-class names, we had as many as we liked, and many more than we ever intended to have had on our board. Before a week was over, we had selected a dozen or so

good men, had chosen one amongst them to be chairman, and I was busy at work getting the Articles of Association and the prospectus drawn out.

The work of a promoter ceases so soon as he makes over the company to the gentlemen who are named on the prospectus as its future directors; therefore it is entirely his own fault if that individual does not take good care of his own interests. I had put down in the Articles of Association that the day upon which the bank proceeded to allot the shares, I was to receive the sum of five thousand pounds for the trouble, the expense, and the difficulty I had gone through in getting up the company. But unless there were applications enough for shares to induce the directors to allot them, the company would die still-born, and my five thousand pound fee would not be forthcoming. It was, therefore, plainly my interest to do all I could to induce the public to apply for shares. As a matter of couse, one of the first things which induces the public at large to write for shares in any new concern, is a good prospectus.

To draw out a prospectus for our bank, it was necessary both to study the commercial statistics of Patagonia, and to quote largely from papers and other documents relating to its produce and

trade, or else to trust to chance, and write, as it were, a pleasantly-coloured picture respecting our prospects of successful banking in that country. The former I was afraid would take up too much time, and therefore I chose the latter. At first I attempted to get our secretary to draw up such a document as I required, but found him quite incapable of doing even so much in the way of helping me. Beyond the writing of mere official routine letters, he was unable to put pen to paper effectually, and therefore I took the task upon myself.

It was necessary to show, first, that the company it is intended to bring out is very much wanted; secondly, that to supply that want there are certain specialities in the proposed company which no other combination could, by any possibility, meet. I commenced the document by stating that "This company has been formed for the purpose of extending the advantages of banking to the country of Patagonia, which is well known to be overwhelmingly rich in all kinds of natural produce." I then took a philanthropic view of the subject, and endeavoured to prove that, in order to make men happy and prosperous, a banking establishment was of all things the most necessary in every country. After this I looked at the

question from a missionary point of view, and showed that without banks there could be no Christian teaching. Lastly, I quoted extracts from letters—imaginary of course—written by Europeans resident in Patagonia, proving that with proper management a clear profit of not less than twenty per cent. must be made out of any amount of capital employed in banking operations between London and that country. I then enlarged greatly upon the fact of ours being the first bank ever started to do business with that part of the world, and ended by assuring the readers of the prospectus that we had promises of support from all the most influential native chiefs in the land; and that, in a word, our success and triumph in the matter was certain.

Our capital was a million sterling, divided into fifty thousand shares of twenty pounds each, upon which only ten pounds were to be paid up by easy instalments: one pound on application, two pounds on the allotment of the shares, and two pounds twice at intervals of three months; the last instalment (not likely to be ever called up), three pounds. All this told well on the prospectus, and had the effect, when that document was published, of causing the public at large to apply for shares to a very considerable extent.

In due time we "came out," as the phrase is; that means our prospectus was put before the world in the advertising columns of all the chief London papers, and applications for shares poured in upon us in every direction. After the first week it was quite evident that we should be fully justified in allotting the shares; and therefore, after due notice that no more applications could be received after a certain day and hour, we—or rather, the directors, for I had handed over the company to the board—proceeded to allot the shares. As I said before, there were fifty thousand shares, and we had applications for at least double the number, so that the directors could afford to pick and choose who they would, and who they would not, apportion the said shares to in the concern. In due time the letters of allotment and letters of regret (as those which inform applicants that the directors regret they cannot give them any shares, are called) were posted, the one pound per share on each application was paid into our bankers, the allotment took place, I obtained a cheque for my five thousand pounds, and Mr. Edwin Smart, our respected secretary, got back all the money he had advanced, besides having his appointment as secretary confirmed by the board of directors, with the amount of salary that had been previously determined upon.

For a short time I felt content with the promotion-money to the amount of five thousand pounds, which I had earned. But, after a month or two, the demon of avarice whispered in my ear a query as to whether I could not make still more than I had done by this bank. The company did not flourish so well when it got fairly out to sea, as it had when being built. The directors soon found out that banking operations in Patagonia were utterly impossible, and that it would be better and safer for the bank to employ its capital in England than abroad in so savage a country. This was done, but not with much success. A new bank has always to make business for itself, and, in doing so, it must, to a certain measure, make not a few bad debts. In fact, there are certain misfortunes which invariably happen to a banking establishment of the kind, just as teeth-cutting, measles, and whooping-cough, come to young children; the one, like the other, has to get over these troubles, and is very fortunate if in so doing its very existence is not endangered.

The Bank of Patagonia had some of its misfortunes a little too soon after starting, and its troubles were a good deal talked about in the City, although there was nothing very serious in them—nothing but what might easily have been got over with a little care and management.

But slight as were its difficulties, they were quite sufficient to make me long for greater profits, when a tempter, in the shape of a solicitor, put into my head that I might make much more money out of the concern than I had done hitherto, by filing a petition for the winding-up of the bank, and dividing the costs that were incurred with the lawyer, who prompted me thus to kill, as it were, my own offspring.

The offer that was made me was as follows :— A petition for the winding-up of the bank was to be presented in my name—for I had retained some few shares in the company—and if successful, an accountant, a friend of Mr. Scott, my solicitor, was, by certain means, to be named official liquidator. This done, the newly named official liquidator was to nominate the same legal gentleman solicitor for the winding-up, and from that time forward all the costs, and other profits, which would in any way be derived from the said winding-up, were to be divided amongst the three of us, share and share alike. If the petition failed, and the Vice-Chancellor did not see cause to order the company to be wound-up, I was to be held harmless ; my friend Mr. Scott giving me an undertaking that he would not look to me for the expenses in the event of the petition not being granted.

Every one knows that a mere rumour against

the credit of a bank is sufficient to injure it very greatly. When we three—for I agreed to join the unholy compact—first arranged to petition the court to wind up the bank, there was really no cause why such should be done. But no sooner was it known that such a document was being prepared, than the affair got talked about in the City, and, once talked about, the credit of the bank was virtually gone. This was not only caused by people thinking no one would dream of presenting such a petition without a good reason, but also by there being other shareholders amongst us who were quite as greedy of gain as I was. When these heard that a petition was about to be presented by me for the winding-up of the bank, there were half a dozen or more of these gentlemen who thought that they had quite as much right as me to any possible profits in the legal fight. Moreover, each of them had his solicitor, and each solicitor had his accountant—all most anxious to win a prize which was so well worth having. We calculated that what with litigation of one sort and another, costs of meetings, summonses, and writs issued against shareholders that would not pay up, there would have been a matter of three thousand pounds clear profit to be divided between the accountant, the solicitor, and myself.

If this unfortunate establishment had only been given fair play, it would have got on quite as well as seven banks out of ten do for the first year or two after they are set on foot. But the very fact of there being first one petition, and then four or five more presented to wind it up, made people believe that there was something radically wrong about it. The shares that had been quoted a fraction above par, soon went down to fifty per cent. discount. On each of these shares there was at this time five pounds paid up, and these could now be purchased in the market for two pounds ten. Thus the petitions being presented, helped to bring down the value of the shares, and the fall of the latter was of great service to us in obtaining a hearing for our petitions — each telling upon and influencing the other. And yet the management of the bank had not been bad. The directors were honourable men, and were all more or less worth money. The list of shareholders was good, and fully equal to pay any calls that could have been made upon them. But what cannot be effected by a panic and by credit run down? In our case, then, it had such an effect that, although the bank was, in sober truth, as sound as ever, not a single shareholder could be found bold enough to resist the application for winding-up;

even the directors, having been bitten with the prevalent fear, became as anxious as any one else to wash their hands of the whole affair. Thus the position of the concern was, that by a sort of tacit consent, the great body of shareholders looked on in silence, whilst six or seven of us were striving to have such a sentence passed upon the company as would ruin it but enrich us.

I have mentioned that there were six or seven of us—each with his solicitor and accountant, ready to be slipped at the enemy—each trying to have the winding-up order granted. A day was named by the Vice-Chancellor, and we competitors—it was very like a horse-race—went before that functionary to prove, first, that the bank ought to be wound up, and, secondly, to see which of us would gain the prize of having the winding-up in his own hands. To hear us all on the one day was impossible, and therefore the Vice-Chancellor had to name a second day for another hearing. At the end of the first day it was very evident that his Honour had decided that the concern should be wound up, and also that my party was the favourite for obtaining the desired prize. So much so was this latter the case, that before leaving the court on that day, I had offers from no less than three of my enemies

to amalgamate their forces with mine, on condition that they should receive an equal share of the profits. To my great surprise, I found that the moving spirit of one of these parties was no less a person than Mr. Edwin Smart, the secretary of the company, who seeing that there was a panic abroad respecting the bank, determined that if there was anything to be had out of the spoil, he might as well have his share of what was going. With this view he selected a shareholder—an individual who owned but five shares—and, putting him forward as a petitioner, was himself provided with solicitor and accountant, to assist him in opening and eating the oyster. He was a wise man in his generation, Mr. Edwin Smart, and the notion of the secretary of a bank being one of the most eager—although behind the scenes—to wind up the concern, certainly surprised me not a little. Since then, however, I have ceased to be astonished at anything done in London, either for the promoting or the destruction of joint-stock companies.

As a matter of policy, I thought it wise to ask Mr. Edwin Smart to join us. Being secretary of the bank, he had all the board minutes, letters, and other records under his charge, and might be of great use to us if we wanted to prove anything concerning the establishment. I therefore, after

consulting with my two friends, the solicitor and accountant, told Mr. Smart that he might join and receive twenty per cent. of the whole net profits of the winding-up business, but that we could not make any offer, or promise anything to the solicitor and accountant which he had with him. To this he readily agreed, and made terms of his own with his partners, consenting to give them a third of all he earned by our mutual arrangement.

The day at last came when the Vice-Chancellor had to deliver judgment in this matter. His Honour was very decided that the bank should be wound-up under inspection, and also appointed my friend the accountant to be official manager and liquidator of the winding-up. No sooner was this done, than the accountant named his friend the attorney to become solicitor for the winding-up. The same evening the official liquidator took charge of everything in the bank. The clerks of the establishment were at once sent about their business, one or two only being kept to show the accountants how the books were kept, and to explain any difficulties they might find in the correspondence connected with the business of the bank.

Thus the bank of Patagonia, which had cost me so much trouble to bring into existence, and

which I had received five thousand pounds to launch upon the world, was already dead, and I, amongst others, was paid for having killed it. When too late, some of the shareholders began to see how they had been victimized, and how much better off they would have been receiving even a small dividend from the establishment at work, than in having to pay up on their respective shares pretty large sums for the liquidation of the concern. But the fiat had gone forth. The whole affair was ordered to be wound-up, and no power in England could now prevent that order being carried out. In the mean time, we, who were partners in the little speculation, had a pleasant as well as a profitable time of it. The solicitor's costs, to say nothing of the official liquidator's fees, came to a nice round sum, and this we divided every week. Short accounts make long friends. My share of the profits amounted to more than fifteen hundred pounds, besides having a nice warm office in which I could do any business I had in the City, could write all my letters, and receive friends.

For me the speculation has been a good one. To get five thousand pounds for bringing a company into the world, and less than a year later netting a cool fifteen hundred for helping to kill off the same concern, is what does not fall to the lot of

every man. I am quite contented with what the Bank of Patagonia has done for me, but I often wonder whether the shareholders are equally pleased with the way their money has been spent. They were first induced to take shares in the bank, and then so frightened that they consented to those shares being wound-up, which led to their having to pay much more for giving up business than they would have had to do in order to carry it on. But, after all, must not promoters, solicitors, and accountants, live; and, if shareholders were wise enough to trust their own money to their own management, where would then these professions be?

CHAPTER XII.

HOW TO ENFORCE PAYMENT.

Some three or four months ago, I wanted to discount an accommodation bill of fifty pounds, the proceeds of which were to be divided between myself, who was the drawer, and a friend, who was the acceptor. To get the bill "done," I had asked my tailor whether he could recommend me to any one who would do the neeedful, without keeping me hanging about for an answer (as is generally the custom of the discounting fraternity), until I was sick and tired of waiting. Mr. Snips merely made one condition with me, namely, that if successful in getting the money for the bill, I should pay a part of his little account, which was of some twelve months' standing. To this I agreed, and was forthwith furnished with a letter of introduction to a large wholesale tradesman in the City, to whom I at once repaired in a Hansom. The gentleman was at home, read Mr. Snips' letter of introduction, and as a matter of course, at once said—as all

discounters do say—that he would have been most happy to do the needful for any gentleman introduced by his good friend Snips, but that he really had not the money in the house. To this I suggested in reply that an open cheque, payable either to my order, or to bearer, would do equally well, and that I did not mind taking a cab to any part of London where his banker might reside. But he did not seem to see the force of my remark. He replied that it was against his rule to draw his balance at the banker's below a certain amount, and that it was already as low as it might be. Had I come the day before yesterday, he had then three or four thousand pounds lying idle, which he did not know how to dispose of, and he would have been too happy to accommodate me with fifty, or even a hundred pounds. But since then he had invested all his spare cash in certain shares which he had been able to pick up a bargain. He was very sorry indeed, very sorry, not to be able to oblige the friend of his friend, Mr. Snips, but to do so to-day was really quite out of the question. Could I come again in ten days, or a fortnight? He then might be able to meet my wishes! I replied that I wanted the money immediately, and was ready to pay any reasonable interest that might be asked, but that a

fortnight hence, the money would be of no use to me. Could he not, if he were so very hard up himself for ready cash, and if the balance at his banker's were so very small, transfer to me one or more of the shares he had lately purchased? I could sell them and take the proceeds, leaving my bill with him as security, or as if he had discounted it for cash. But even this attempt to meet the difficulty he did not approve of. He said that to sell shares so soon after he had purchased them would ruin his credit, and was not to be thought of.

Seeing that he did not apparently wish to discount the bill, I prepared to take leave of my new acquaintance. I suppose my manner was that of a rather angry man, for no sooner did I take up my hat to go, than he for the first time asked me to show him the bill, and inquired who the acceptor was? what was his occupation? what were his means? and so forth. To all these questions I gave the best answers I could. I wished to tell the whole truth, and nothing else than the truth; but at the same time I had a secret wish to make the bill appear as good a document as possible.

In the course of my explanation, I happened to mention that the acceptor of the draft was a captain in the army, and that his town address

—or when ever he was not with his corps—was at the "Army and Navy Club." The words were hardly out of my mouth when I saw the tradesman's eyes lighten up, and he immediately asked me to what regiment the gentleman belonged; taking up at the same time an Army List from the desk before him. When I had mentioned what corps my friend held a commission in, he turned to it at once, and compared the initials and name in the list with those upon the bill. This done, he said that, although he really had not the means of discounting the bill himself, he thought that if I could leave it with him for twenty-four hours, he might induce a friend of his to do the needful. To this I consented, for not only had I not endorsed the bill, and therefore it would be of no use if passed away without my signature—but the clothier offered to give—and gave—me a receipt for the document. I therefore left the draft with the understanding that I was to call the following day.

Next day I called accordingly, and was rather put out by the tradesman telling me he could do nothing with my bill, and that he feared if I offered even fifty per cent. interest, I should not be able to discount it. On hearing this I demanded my bill back again. He gave it me—

none the cleaner for being carried about a whole day in his pocket. But a sudden thought had struck him. "If you go to this gentleman," he said, handing me a card, "and say you have come to him from me, he will perhaps be able to do what you want; but I must warn you that he will charge you a very high rate of discount." I thanked him, and, taking the card, saw printed upon it the name of "Mr. Steinmetz, Eastern Coffee-house, Cornhill."

The establishment of which Mr. Steinmetz gave his address was more a large room where men of business resort, and where appointments are made on matters of business, than a coffee or an eating-house. It is true that in one corner of it there was a counter at which wine, pale ale, sandwiches, and other refreshments, were to be found; but the main body of the very large chief room was taken up with stands at which newspapers were fixed for the more convenient reading of the subscribers, and smaller tables upon which were all kinds of Directories, Almanacks, Gazetteers, and other similar books of reference. The Eastern Coffee-house, is, moreover, a great place of resort for merchants and others connected with shipping insurance business. Captains of merchant vessels go there to meet their owners, and owners go there to

meet their captains. To be free of the place, it is necessary to become a member, but beyond the payment of two guineas per annum, no qualification is required. It is a very convenient establishment for a man of business to belong to, as he may meet a friend there, learn the news there, hear of a bargain there, make a deal there, eat his luncheon there, insure a ship there, or get through any other transactions he likes.

To the Eastern Coffee-house in Cornhill I accordingly repaired, in order to meet Mr. Steinmetz. Upon asking for that gentleman at the door, I had pointed out to me an individual who bore every outward and visible sign of being Teutonic by race, and a German by nationality. Not that Germans like unto this gentleman are met with in Germany, or, indeed, anywhere out of London. Mr. Steinmetz shaved close, leaving no hair on his face save a short pair of mutton-chop whiskers. He spoke English well, although with a very decided foreign accent, and would invariably reply in that tongue to any person who addressed him in either German or French. He affected to despise greatly his fellow-countrymen, often speaking of them as "those tammed German fellows," and avowed a most supreme contempt for any cookery save that of Great Britain; though I believe that in secret he

indulged largely in sauer-kraut, sausages, and Rhenish wines. In his manner he was loud, vulgar, cringing to those who were wealthy, arrogant to those who had no money, and brutal to those who were in his debt. He had no clerks, no office, no place of business. He was always to be found at the Eastern Coffee-house, Cornhill; and his day-book, cash-book, waste-book, and ledger seemed all comprised in a gigantic pocket-book, which he carried in the breast of his coat. And yet this man was well-known to be very rich. He had respectable current accounts in two good City banks, and held many shares in first-rate joint-stock companies. From the time he arrived at the Eastern Coffee-house in the morning until he left it in the evening, he was always giving some person or other an interview, and there were always two or three more individuals waiting to speak to him. When I have added that although he professed to be a very earnest Christian, Mr. Steinmetz worked as hard as any sinner could do upon what he called the Sabbath-day; that he lived at Brixton in lodgings which cost him seven shillings a week; that he passed the Sunday in lamenting over not being able to do any business on that day; that his God was Mammon; the object of his worship money; and his real occu-

pation that of a discounter—I think I have said all that need be said at present of this gentleman's history.

To Mr. Steinmetz I introduced myself, by giving him the card with which I had been furnished, and telling him of my name and business. He at once asked to see the bill I had brought with me, asked me some questions about myself and the acceptor, and told me to call next day, when he would give me a decisive answer "yes or no." So far, reasonable enough. I took my leave of Mr. Steinmetz, hoping that, although he was not the sort of man whose acquaintance I wished to improve, still we might become better known to each other in the close relationship which money-dealings entail.

Twenty-four hours after my first interview with Mr. Steinmetz, I was once more at the Eastern Coffee-house. Mr. Steinmetz was punctual to his appointment, and came forward to meet me. He said he never "looked" at bills for such small amounts as fifty pounds, but would introduce me to a friend who might be induced to do so. "The question is, Mr. Weston," he said, addressing me, "what will you lose?" At first I could not understand what he meant, but he continued to ask, "What will you lose?" Seeing I was all abroad as to his slang, he explained

that he wished to know what amount of discount I would pay.

I replied, that I was willing to pay anything in reason for discounting the bill, adding—like a greenhorn as I was—that I was very hard up, and therefore would not mind paying a little more than usual, provided the business could be carried through at once. It struck me, that considering Mr. Steinmetz "never looked" at bills for such small amounts as fifty pounds, he appeared remarkably anxious to know how much I was willing to pay for the accommodation. This, however, so I reasoned to myself, might be owing to his wishing to serve the friend to whom I was to be introduced.

In a few minutes Mr. Steinmetz's friend put in an appearance, and was introduced to me by the name of Fast. Mr. Fast, in appearance, bore the same relation to Mr. Steinmetz that a corporal does to a sergeant, or a deacon to a priest. Mr. Fast was evidently an Englishman, but of decidedly Israelite caste of countenance.

Mr. Fast commenced the business before us, by asking me the same question as Mr. Steinmetz had, "What I would lose" in the transaction. Now, as the present was, I fear, by no means the last, so it was certainly not

the first bill transaction in which I had been engaged. But as, on previous occasions, I had always had to do with West-end discounters, I thought that by transacting business in the City I should get what I wanted at a much cheaper rate than I could have done on the fashionable side of Charing Cross. "A shilling a pound a month," or at the rate of sixty per cent. per annum, had always been thought a fair profit by the gentlemen with whom I had previously dealt; and I therefore informed my new friends that I was ready "to lose" seven pound ten shillings on the fifty pounds for the three months, and to take forty-two pounds ten shillings for my bill. At this proposition both my new friends laughed outright; Mr. Steinmetz the longer, the louder, and by far the more offensively. They then jabbered together in German for about a minute, after which Mr. Fast turned to me and said, "Are you quite certain, sir, that this bill will be paid by your friend who has accepted it, when it is due?" I replied, "I had not the least doubt about it; my friend was a gentleman of some little means, was an honourable man"—the two discounters sneered at each other when I mentioned the word honourable—"was an officer in the army, was known to meet his engagements, and that in any case, if he failed, I would

certainly pay the money." As I spoke, I observed Mr. Fast busy writing down something in his pocket-book, but I thought he was merely engaged in calculating what terms he would ask me for discounting the bill. At last he handed the book and pencil to Steinmetz, who hastily wrote something—it seemed as if he merely added his initials to the writing, and gave it back to Mr. Fast. The latter then turned to me and said, "Now, sir, I will tell you what I will do for you. I have got no money of my own to dispose of to-day, but here is a cheque for thirty-four pounds sixteen shillings from the Rhine Steam-boat Company, payable to my order. I will endorse it, and make it over to you for your bill, if you like. Only, remember that I know nothing of the acceptor of the bill, and that I take it partly on account of the introduction you have brought to my friend Mr. Steinmetz, but chiefly on account of the representations you have made respecting the bill, and of its being certain to be met at maturity."

Here was a state of affairs. On the one hand, I was as hard up as a man could be, and in order to avoid a writ being served upon me, wanted to pay away some money that very day. But to pay upwards of fifteen pounds for the discount of a bill at three months for fifty—being

at the rate of more than a hundred and twenty per cent. per annum—I thought too much of a good thing. For a few seconds I turned the matter over in my own mind, and during the time my face was closely scanned by the two friends: Mr. Steinmetz certainly evincing more anxiety than his companion to know whether I decided upon taking their offer. It was curious enough to remark that, although both professed not to wish to do the bill for me, yet both seemed very anxious that I should accept the conditions.

This very eagerness made me nervous and uncertain. I temporized with them, and, turning to Mr. Fast, said, "Make it even money, give me forty pounds, and I'll do the business. That will be discounting at the rate of eighty per cent. per annum." But these sharks were by no means ready to part with the sum of five pounds four shillings. They declared that the risk was great; that twenty per cent. could be got in the City on short bills, with goods—stolen, I presume—in hand as security; that they only knew me in this transaction; that they had not inquired about the acceptor, who might be good or might be bad—most probably (so they charitably concluded) the latter—and that if I went to the bad in any way, they would have no

one from whom to recover the money. But I stood firm, and after a world of trouble they agreed to split the difference, and to give me thirty-seven pounds for my bill, which they consequently discounted at the rate of about a hundred and four per cent. per annum.

If any one wants three months to pass over quickly, let him give a bill at that date. The money I got for the slip of stamped paper bearing my signature as drawer, as well as my endorsement, was gone in less than a week; but the period which bankers call "maturity" seemed to come almost as soon. I received a letter from Mr. Fast telling me that the bill would be due on such a day, and warning me that if it were not paid, he would have to put it into the hands of his solicitor. I wrote to my military friend, the acceptor of the bill—who, I have forgotten to mention, had half the amount for which it was discounted—and asked him to provide for the payment of half the bill. As ill-luck would have it, my friend had been ordered abroad at two days' notice to join his regiment. Previous to leaving England he had paid the money due upon his half of the bill, twenty-five pounds, to a brother officer, with directions to find me out and send it to me. This gentleman had lost the memorandum containing my name and address,

and, not knowing what to do, had remitted the money back to my friend, who by this time was well on his way to India, *via* the Cape. The bill, which was made payable at the army agent's where my friend kept his account, was presented there for payment; but as the acceptor had, previous to sailing for India, closed his account with his agents, it was returned with a bit of paper pinned to it, on which were written the words, "No effects." To make matters worse, the money upon which I had depended to meet my half of the bill was not paid me, although I felt certain that it would be forthcoming in two or three weeks. I wrote to this effect to Mr. Fast, but, having lately changed my residence, I did not give him my new address, for I did not want to have writs served upon me. I mentioned where a letter would find me, but to my surprise received no reply, nor, for a week or two, did I hear anything whatever concerning the bill.

At last, one morning happening to go into the shop of my tailor, Mr. Snips, that individual took me aside with a most anxious face, and told me he had heard the previous day in the City that Mr. Fast was not going to sue me before a civil court for the bill, but had put the whole affair into the hands of a criminal lawyer, and

had determined to take out a summons or warrant against me at the Mansion House. He, Mr. Fast, had been on the previous day at the tradesman's, of whom I spoke before, and had declared his conviction that the whole affair was a bad-worded swindle, and that I had obtained the money from him under false pretences. The acceptor of the bill, he said, was not to be found in England, and I, the drawer, had been keeping out of the way ever since the bill was due. Moreover, he declared that when I asked him and he consented to discount the bill, I had told him that the acceptor was a man of means, an officer in the army, and certain to meet his engagements; also, that I myself would certainly have the means to pay the bill at maturity, supposing the acceptor failed to do so. He told the clothier that he had taken down my words in writing at the time, and that a friend of his who was present had heard all I said, and had even put his initials to those words. This accounted for the writing in the pocket-book.

I knew very well that I was perfectly innocent of any intention to defraud Mr. Fast or Mr. Steinmetz. But to be "had up" at the Mansion House on a criminal charge, whether proved or not, was enough to blast my character for life. In my perplexity I went to see a solicitor, and

by his advice kept out of the way, employing in the mean time my tailor, Mr. Snips, who reported all he learnt of the enemy's movements. The story Mr. Fast made out was this: I had gone to see him—had sought him out—had offered him a bill for discount, which I told him was accepted by an officer in the army, who was a captain in rank and a man of means. On the faith of my representation he had discounted the bill, having taken the precaution to note down what I told him respecting my own means and those of the acceptor. These words of mine he had written in the presence of a friend, who had put his initials to them, and who could swear to the truth of what he said. Also, that the tale I had told him was, that I had recently been left a considerable legacy, but that two or three months would elapse before the money would be paid me, and that I wanted the money for this bill in the mean time. I need hardly say that this story was altogether and entirely false, but the rascal had a witness who would, no doubt swear to the truth of all he said, and was equally certain to deny all I could put forward in my defence. On the other hand, I had no one who could say a word in my behalf, for the only witness present when the transaction took place was Mr. Steinmetz.

At first I resolved to brave out the infamous accusation, and to dare the scoundrels to take me to the Mansion House. But after a long consultation with my solicitor, and at his urgent advice, I determined not to do so. As the case stood, he said, the chances were greatly in favour of the Lord Mayor or Alderman committing the case for trial. Mr. Fast had an office in the City, was pretty well known as a sort of ship and insurance broker among foreign houses, and would no doubt be looked upon by the magisterial magnates as "a highly respectable man." The witness in Mr. Fast's favour was rich, and could, no doubt, bring forward witnesses as to his respectability. They could lose nothing if the case went before the Lord Mayor, for the worst that could happen to them was that I should be declared not guilty of the charge. But whatever way the matter turned I must be the sufferer. My solicitor was right, and every friend I consulted gave me the same advice. I had fallen among thieves, but the best way to get out of their clutches was yet to be hit upon.

Messrs. Fast and Steinmetz had put their affair into the hands of one of the lowest of the very low criminal attorneys. There is a peculiar race of these men, who dare not practise before magistrates who are lawyers like themselves, but

who generally have it very much their own way with those who administer the law by virtue of their eminence as tradesmen. My solicitor advised me to treat with the gang through Mr. Snips, who, having been the innocent cause of introducing me to the scoundrels, was now most anxious to get me out of the mess. In the mean time, I was not to leave London, but, on the other hand, was not to show myself needlessly, so that, failing to find me, Mr. Fast and his friend would perhaps come into terms which would be easier for me.

The first overture Mr. Snips made to Mr. Fast was, that I should give him a bill at three months for the amount of seventy pounds, being the original fifty pounds, with interest at the rate of one hundred and sixty per cent. per annum: which bill he, Mr. Snips, would put his name to. The offer was rejected with scorn. Mr. Fast declared that I was a scoundrel, a swindler, a rascal, and that he would show me up at Guildhall as a man who obtained money by false pretences. If any arrangement was to be made, he, Mr. Fast, would have nothing to do with it. Mr. Snips might see the solicitor in whose hands the case was put; but so far as he (Mr. Fast) was concerned, he had determined to take out a summons or a warrant against me.

To the solicitor of this worthy, Mr. Snips repaired, and was at once met with his indispensable condition, that before anything could be done his costs must be paid, and these costs he made out to be ten guineas. This amount must be paid down in cash, and then he would talk of what terms he would advise his clients to consent to respecting the bill. Mr. Snips said he must consult me before he could say anything, and next day, by letter, told me what were the results of his interview with the attorney.

With me there was the difficulty not only of making terms with this gang of thieves, but also of finding the money to do it. The latter difficulty, however, was smoothed by Mr. [illegible], who offered me any assistance to put me through the unpleasant business. He had [illegible] meetings with Mr. Steinmetz at the [illegible] house to try and bring him to reason, but the more he made advances the more the other drew back, and so effectually was this bullying, blustering manner, that at last Mr. Snips declined to meet him any more.

Acting always under the advice of my solicitor, Mr. Snips for several days did not go near the lawyer of the other side, merely leaving his address with him, so that when they came to their senses they might know where to find him.

After a short time this [illegible] produced the desired effect. The rascals saw that they could not even lay hands on me so as to serve me with a writ, and although they had taken out a summons against me at Guildhall, they did not know where to find me. In order to put them still more off the scent, I repaired abroad, so that my letters bearing a foreign post-mark were shown to them, by way of confirming Mr. Snip's assertion that I had left England for the present. To remain out of the country any length of time being, however, impossible for me, I felt anxious that the affair should be arranged as quickly as possible. In the mean time I had come into funds, and, through Mr. Snips, offered in hard cash half the amount of the original bill, and a bill at three months for the balance: this bill to be endorsed by Mr. Snips. This, however, they would not listen to.

At last, and just as I had given up all hope of settlement, Mr. Snips wrote to me that he had arranged the business. He had paid down ten pounds in cash for their solicitor's costs; twenty pounds as the first instalment of the fifty pound bill; and had given five bills of twenty pounds each, payable one, two, three, four, and five months after date. These, bearing my signature and his endorsement, were accepted by

Mr. Fast, and thus I had to pay altogether one hundred and forty pounds for the temporary advance of thirty-seven. No wonder that bill-discounting is a gaining trade, more particularly in view of the recently adopted device of threatening the non-payer with criminal proceedings. Lend money at most exorbitant rates, and, when the borrower cannot pay, crump up a story that he has obtained your money on false pretensions. The chances are, that sooner than go before a magistrate he will submit to any amount of robbery, and you will find the speculation both safe and profitable.

THE END.

HARRILD, PRINTER, LONDON.

00026970

Digitized with financial assistance from the
Government of Maharashtra
on 15 June, 2016